清朝有序集集以及出

MODELLE ST.

Franklin in ...

14 11 21

\$ ** *******

My



Voyage into the void

'I began to cry with terror at the blankness of me, and the blankness of the world

http://www.FT.com

of soft red fruit history

This year will probably: go down in the annals

as a wash-out

in a jam

Page XIX



Weekend



A skip and a hop

'The sailors found the shoreline thronged with large,

curious kangaroos



Blue collar champ

'Some golfers would not be seen in anything but the latest designer trousers – but not Lehman

Page XV-XVIII

Pages XX

BT deal set to go ahead despite MC troubles

By Alan Cane in London and Richard Waters in New York

British Telecommunications looked set to proceed with its planned \$20bn merger with US telecoms group MCI, in spite of Thursday's revelations that MCI's husiness prospects have been seriously derailed.

Sir Peter Bonfield, BT chief executive, said he was "surprised and disappointed" by the news that MCI could lose \$800m on its US domestic expansion plans. Sir Peter, who learned of MCI's plight at an MCI board meeting in the US only on Wednesday, said: "We always knew it was a risk but now it seems to be a more costly and difficult situa-

tion than MCI thought before." He said it was too early to say what action the company would take until it had analysed MCI's financial performance. He would not say whether or not BT might ek to renegotiate the deal.

The two companies plan to form the world's first global telecoms company, Concert, by the end of the year. BT's shares fell 37p or 8 per

issued late on Thursday. -BT said yesterday that discussions were taking place with MCI will be holding further discussions with MCI management in order fully to understand the reasons for, and extent of, the changes in MCI's prospects." Sir

Nafta disappoints US

The North American Free Trade Agreement launched in January

1994 has produced only modest short-term gains for the US economy,

the White House said yesterday. A long-awaited report to Congress

the administration was urging the accord's approval. Officials point to increased exports to Mexico as evidence of its success, while the

Already out of love with Jospin: Disillusionment with France's

political system has meant the shortest of post-election honeymoons

for Socialist prime minister Lionel Jospin. Increasingly, the French

see their country less as a model for Europe than as an unsatisfac-tory "exception" - and many now think France's way forward may

arms sales financing. Leaked documents suggest that, as a deputy finance minister, Mr Vavllov's ministry bought \$237m of promissory notes from MFK, the bank he later headed, ostensibly to pay for MIG

be to copy the labour reforms of European neighbours. Page 7

Russia's top banker probed: Russian prosecutors are to question top banker Vladimir Potanin and former government minister Andrei Vavilov in what is said to be a criminal investigation into

fighters. It is alleged the notes never reached MiG. Page 2

administration stresses political gains. Page 3

included none of the extravagant claims made three years ago when

News General

Peter said MCI'a first and second quarter results had been according to plan, but it had concluded it would have to redouble its efforts to break into the \$100bn a year US local telephone market. It had been impeded by anti-com-petitive tactics from incumbent operators, it alleged.

Losses in the US local telephone market business, a key part of the Concert partners' strategy, could reach \$800m in 1997, about double the figure

Losses for 1998 could be even

higher; it said. MCI said it planned to maintain its assault on the local market, though it hinted that it might consider cutting back at some later stage. If US regulators do not act more forcefully to open the local market to competition, the company said it would reconsider its position.

BT did not necessarily accep the MCI solution to the problem, Sir Peter said. The two companies would examine whether there were other-ways of breaking into local markets.

Investors and analysts were cent to 440% yesterday as the stock market digested the implidisturbed that BT seemed to have By Andrew Jack in Paris had no advance warning of the cations of the profits warning bad news. Analysts said they did not expect the news to derail the merger, though viewe were divided on whether BT would try about its trading situation: "BT to renegotiate the terms.

> A big local difficulty, Page 6 London stocks, Page 17 World stocks, Page 21 Lex, Page 24



Bill Clinton (right) and Romanian leader Emil Constantinescu are cheered by crowds in the capital, Busharest, Mr Clinton, the first US president to visit Romania for 22 years, urged the

country to pursue reform and persist in its bid to join Nato, saying it was a beacon of hope' in a turbulent region. The door to Nato is open, and we will help you walk through it,' he added

Manila follows Thailand and devalues peso

Asif Huda in Kuala Lumpur and

Pressure increased on south-east Asian curreccies yesterday as the Philippines followed Thailand in allowing its currency to float. The peso fell 10.4 per cent to a

four-year low against the dollar, from 26.4 to 29.45 pesos, before trading was suspended by the Bankers Association of the

The Philippines' move intensified the turnoil that has enveloped regional currency markets as governments struggle to maintain their parities against the dollar in spite of faltering export growth, weak domestic demand and sagging property markets.

Mr Gabriel Singson, governor of the Philippines central bank, said: "While the underlying exchange rate policy will remain unchanged, the central bank will allow greater flexibility in the peso-US dollar rate."

At the same time, Indonesia's central bank took a pre-emptive strike against speculative attacks on its currency by widening its intervention band for the rupiah against the dollar from 8 per cent

the peso, the Philippines central bank has argued forcefully that the exchange rate is marketdetermined, but regional currency traders - who regarded the peso as effectively pegged to the dollar - have successfully challenged that line.

in Washington, Mr Michel Camdessus, managing director of the International Monetary Fund, praised the move.

"The IMF strongly commends the Philippine authorities for their timely and decisive move." he said.
"I am confident that this set of

measures, in conjunction with the authorities' resolve to maintaln fiscal and monetary discipline, will help protect the Philippine economy from the consequences of instability in regional financial markets."

Economists said the decision to allow the peso to slide would bring inflatiooary pressures as interest rates are likely to remain high for some time, but the decision was generally welcomed.

Manila bows to storm, Page 4 Editorial Comment, Page 6 Currencies, Page 9 World Stocks, Page 21

Standard & Charter

3.20 and 3.151

Base Rate

September of the process and

Handara Chartered &

At a screen near you soon: Hollywood studios are considering a new way of distributing films - cheap, throw-away video discs for home viewing. Video Software Dealers Association president Jeffrey Eves outlined the scheme this week, saying it would give studios a bigger share of profits from the home video trade, worth about \$16bn a year in sales and rental revenues. Page 3

Woman in the News

Mo Mowlam has confounded the odds after what looked like a serious blunder last weekend over Orange Order marches, But tenacity alone will not be enough to ensure long-term political progress in the fevered world Page 7





News Business

Thomson-CSF sale off

France's Socialist government yesterday cancelled the privatisation of Thomson-CSF, saying it would find another way of integrating the electronics company into the European defence sector while keeping it under state control. The move, though clearly signalled by prime minister Llonel Josoin, will still come as a blow to the two rival French bidders for Thomson – the Alcatel telecommunications and engineering group and the Lagardère conglomerate. Page 24

Christie's may lead auction houses: UK-based fine art auctioneer Christie's has almost certainly overtaken Sotheby'a as the world's biggest auction house after interim sales rose 15 per cent to to £557m (\$908m). Demand for Impressionist and Modern pictures helped turnover to its highest since the art market peak of early 1990, and New York confirmed its position as an art sales centre, accounting for £308m of Christie's turnover. Page 24

Wall Street stocks end switchback week with a rally:

Wall Street rallied after a volatile week in which the Dow Jones Industrial Average which the bow which so had reached nearly 8,000 points on wednesday only to suffer a near 120-point decline. Producer price data yesterday showed no sign of inflationary pressure if the US economy and the Dow climbed 64.46 to 7,951.22 by Ipm in New York.

Other markets hit new highs, with Ger-Wednesday only to suffer a near 120-point decline. Producer price data yesterday showed no sign of inflationary pressure in the US economy and the Dow climbed

6,000. Page 21

Oil price weathers German plans: Crude oil dipped after Bonn approved the sale of Germany's 54m barrel oil reserves. The first 28m-barrel batch will be offered in two weeks. August Brent crude, which had shed 26 cents when the sale was outlined on Wednesday, was unaffected by yesterday's announcement of details of the sale. It finished on \$18.04, up seven cents. Page 8

Ebner statks Swiss insurer: Swiss corporate predator Martin Ebner has increased his stake in Winterthur, the Zurich-based insurance group, farming the takeover speculation which has helped buoy the company's shares in recent weeks. The investment trusts he controls, BK Vision and Stillhalter Vision, raised their shareholding in Winterthur from 14.5 to 18.3 per cent between mid-May and the end of June Page 22

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O THE FINANCIAL TIMES LIMITED 1997 No 33,341. LONDON - LEEDS - PARIS - FRANCIPALI - STOCKHOLM - MADRID - HEW TORK - LOS ANGELES - TOKTO - HONG MARIE

Investors lose their appetite for foie gras

France'e most decadent gastro- liver based paté de foie gras. nomic offerings, but it is starting to give the country's corporate investors severe indigestion.

Threatened by low foreign demand, small-scale production and pressure on prices, the fole gras business is much less profit-

has just sold Rougié, one of the Fole gras may remain one of best-known producers of duck-"Fole gras was the in-thing for

financial investors in the 1980s and early 1990s," says Mr Thi-bault de Kargorlay, head of Rougie. "They saw it as an El Dorado in the luxury goods sector. But most producers lose money." able than investors had hoped. For Ms Marie-Pierre Pé, secre-

Seez, the French conglomerate, tary general of Cifog, the fole annual sales. The industry is north-west. Still, Suez's board gras producers' association, the biggest challenge is seasonality. "Three quarters of our annual

doing its best to raise foreign demand and cut down on seasonality. But its members are also

Some of her members have the south-west of France recently for their attendance at the also suffered under the pressure sought European Union approval to cut prices - a small tin can for a "geographically protected" cost about FFr100 (\$17) - by out- sign on their output, to distinof-town hypermarkets, which guish it from that of less now account for 70 per cent of well-known producers in the a near riot.

might reflect that its foie gras holdings have a use beyond prof-

turnover comes around Christ-mas and New Year," she says. The established producers of accustomed to being rewarded annual general meeting with a sample of the delicacy. The directors' decision this year to offer them a cut-glass ashtray caused



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Over the past twelve months CVC has made new investments in thirteen buy-outs totalling close to £1 billion and participated in eleven realisations totalling in excess of £1 billion.

No wonder KPMG have confirmed CVC as Europe's leading buy-out house*.

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Top banker faces questions in Russian arms cash inquiry

By Chrystia Freeland in Moscow

State prosecutors are to question Russia's most powerful banker, Mr Vladimir Potanin, and a former leading government minister, Mr Andrei Vavilov, as part of what they are calling a criminal investigation into the financing of arms sales.

Leaked official documents published this week by Ros- criminal investigation had siyskaya Gazeta, the government newspaper, implicated the bank MFK, a subsidiary of Oneximbank, Russia's mightiest financial group, in transactions surrounding a \$237m (£140m) sale of MiG fighter jets to India.

According to these documents, Mr Vavilov, then a deputy finance minister but later president of MFK, instructed his ministry to

sory notes from MFK, osten- Vavilov might be fleeing the from the state have become sibly to pay for the jets. It is law, saying that "only rats made it to the MiG factory.

Earlier this month Mr Sergei Dubinin, the chairman of the central bank, said he knew of two cases in which three Russian banks had effectively stolen around \$200m from the state.

A spokesman at the federal prosecutors' office said a been launched into the fighter jet affair. Prosecutors said they intended to question Mr Potanin, president of Oneximbank and a former first deputy prime minister. and Mr Vavilov, although charges have not been filed against any individual.

Adding to the intrigue, Mr Vavilov has abruptly left or business interest Russia, Mr Modest Kolerov, an Oneximbank spokesman. rejected suggestions that Mr dreds of millions of dollars

alleged that the notes never and cockroaches flee, men go on holiday". He said the criminal investigation implied no wrongdoing on

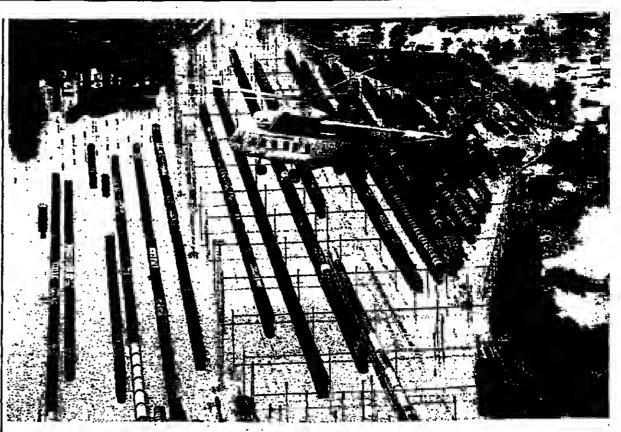
the bank's part. "The bank could not be at fault. We were only implementing the instructions of the government," Mr Kolerov said. He blamed the tide of revelations about allegedly dubious transactions at the bank on Oneximbank's

competitors.
"All of the critical articles were placed and paid for hy our competitors," Mr Kolerov said, referring to the common Russian practice of "ordered" newspaper stories, which, posing as news, are in fact financed by political

Although scandals involving the alleged theft of huncommonplace in Russia, this week's imbroglio could mark a turning point.

The bankers at the centre of the scandal bave enjoyed exceptionally warm ties to top Russian government officials: Mr Potanin has long been a close ally of Mr Anatoly Chubais, the reformist first deputy prime minister, linked to Mr Victor Cherno-

myrdin, the premier.
"This affair is a way for the government to establish a new relationship with the banks," said Mr Sergei Markov, a professor of political science. "The government wants to create a more competitive environment, with less favouritism. Chubais is applying pressure, but he doesn't want to destroy the banks, just bring them in



yesterday a preliminary estimate for to harvests at at least Kcl.4hm, with crop damage from massive flooding in about 130,000 hectares of agricultural the eastern part of the country was land affected. However, asked whether about Kč1.5bn (\$46.2m)Reuter reports the situation would lead to a signifi-

president of the Czech Agrarian Cham- so large as to deteriorate the balance ber, said data collected from most of of the market."

cant increase in imports, Mr Kordac Mr Miles Kordac, assistant to the said: "We think not The damage is not

have claimed at least 32 lives, was moving south yesterday, although the level of water was said to be falling

• A helicopter (above) carries the Czech Republic's President Václav Havel over the flooded railway station at Ostrava.

Ireland's cunning old fox is cornered over secret payments

ollowers of political bloodsports in Ireland have never had it so

Mr Charles Haughey, former prime minister and the cunning fox of Irish politics wbo has had the scent of scandal about him for much of the past 30 years, has finally been cornered. Early next week Mr

Haugbey - who once counted Helmut Kohl and the late François Mitterrand among his close friends - is due to appear before a public tribunal to answer questions about payments totalling bundreds of thousands of pounds which he received from one of Ireland's leading businessmen during his ledge of the Dunne pay- I£210,000 in 1987-1992 tenure as prime

For Mr Haughey, it is a personal humiliation of the most fundamental kind.

affair is a bitter blow to finally admit this week to national pride. The most prominent politician of the past 20 years has been not only caught with his hands as to the payments. (The trideep in the pockets of blg business but also is seen to bave lied on numerous occasions in a vain attempt to preserve his political reputa-

cal scandal lo hit Ireland since the foundation of the state," said an opposition Ahern, the present prime minister, who served under Mr Haughey in various capacities, described events as "tragic and deplorable" and said confidence and pride must be restored in Mr Dunne Ireland'a body politic.

Mr Ben Dunne, former chief executive of one of Ireland's home after a leading supermarket chains,

At first Mr Haughey strenuously denied any knowments. Only when confronted with evidence bank drafts painstakingly tracked down through a web of offshore bank accounts by the tribu-For Ireland as a whole, the nal's investigators did he

receiving the money. He also admitted to misbunal beard that on one occasion Mr Dunne dropped bome after a game of golf to band over bank drafts totalling IE210,000. Each had a fic- "The Squire" or "The Boss",

made out to a Mr Blair). From 1987 to 1992, Mr Haughey front-bencher. Mr Bertie presched financial rectitude, pruning public spending and refusing to allow Ireland to sink deeper into debt. Many credit him with laying the

At issue are a series of dropped in to secret payments amounting Mr Haughey's game of golf to hand over

> foundations of Ireland's or jail, or both. robust economic performance.

However, the prime minister showed no signs of putleading his own legal team ting any restraint on his own spending: there was talk of lavisb parties on Inishvickillaun, Mr Haugh in to Mr Haughey's Dublin ey's private island off the coast of County Kerry.

Mr Haughey, nicknamed

Georgian mansion set on a 300-acre estate outside Dublin. There were race horses and fine wines. Any questions as to the origins of this wealth - Mr Haughey came from comparatively humble origins - were dismissed out of hand. Any persistent inquiry was likely to result

in a lawyer's letter. The main question doing the rounds in Dublin's restaurants and bars is whether more revelations about other payments - by Mr Dunne or other businesspeople - will come to light. There is talk of funds of up to 1£40m secreted in a bank account in the Cayman Islands. If Ireland's tax authorities

decide to take action against Mr Haughey, the former prime minister could face the ignominy of bankruptcy

When he left office in early 1992, Mr Haughey quoted from Othelio, "I have done the state some service, and they know't; No more of But next week "more of

that" is what the tribunal

and the public will be want-

Kieran Cooke ceed internationally - per Berlin. Most clubs were in the east of the city, where

Berlin dances to techno beat

Frederick Stüdemann reports on the city's annual Love Parade

If ever proof were needed that Germans know how to party, today's Love Parade in Berlin is it. Under the motto "Let the sun shine in your heart", more than 1m techno music fans from Germany and abroad are expected to descend on the city for a weekend of revelry.

The centrepiece of the festivities, which after nine years are almost as much of national institution as the Cologne Karneval, is a procession through the city centre towards the Brandenburg Gate. The aural backdrop will come from sound systems blaring out all known forms of techno and ambient dance - a genre were held. And like most which to its detractors durable pop trends, techno sounds like an amplified was initially driven by a building-site at work, but small group of fans who which fans celebrate as something close to a spiri-

tual experience. Techno is one of the few pop genres in which German artists have been able to suc-

on the youth culture map. Techno and the Love Parade are also an example of free-standing initiative triumphing over official efforts to promote culture. In the generous sponsor of pop music. But few of the

third-rate bands backed by the city were ever either popular or successful. Techno, by contrast, has more independent roots in countless disused industrial buildings and subterranean spaces where the first, mostly unlicensed, parties

of the music. Only later, did chandisers climb aboard. The music chimed neatly with the mood of post-Wall

Basque country itself where,

unusually, several members

of Herri Betasuna, Rta's

political wing, as well as

former Eta prisoners, spoke

Eta has been responsible

for some 800 deaths and

late 1960s. Most bostages

have been husinessmen held

for ransom. Eta has shot

five of its kidnap victims

after its demands for their

Machine tools

The Illustration headed

"Machine tools: East Euro-

pean exports surge" on yes-

terday's World Trade page

transposed the figures show-

ing exports to the European

Union and imports from the

The figures in the article

215,799,8660

itself were correct.

release were ignored.

CORRECTION

out against the terrorists.

were often also the makers

the MTV-generation, the try surrendered vast chunks Love Parade has put Berlin of suitable real estate to a eclectic band of party organisers. The gut-churning sounds of techno were a fitting farewell to Barlin's manufacturing base as noises once redolent of past, Berlin was noted as a industrial effort were country houses. Top DJs reworked into an entertain-

ment genre.

Techno gava Berlin a chance to live up to its sometimes deserved reputation for revelry and lonche behaviour. One bizarre consequence is that the Love Parade is now championed as one of Berlin's top attractions by local conservative politicians, a group not normally at ease with platform shoes, lurid T-shirts and chemical stimulants.

But while today's Love gest ever, earning local businesses DM150m-DM200m (\$85m-\$115m), the original spirit of techno has been dissipated as the music has become part of the main- in their wake.

comes without words. For crumbling communist indus- stream, forming the backdrop to TV jingles and

> What was originally recreational is now serious bustness. Many people who organised the first techno clubs are now the proud owners of Mercedes cars and command fees of thousands of marks for a single appearance and have acquired a taste for business-class travel as they fly to bookings

> around the world. The techno scene has also lost some of its best party locations as landlords have begun to redevelop derelict factories, or at least demand

The Love Parade itself has been attacked by enviroumental groups which went to court in a (failed) attempt to get the event be moving through the Tiergarten, on the grounds that Ber lin's main park could not hordes and the rubbish left

being destroyed at soil is exhausted the rate of thousands of very quickly by "slash and burn" farming methods. trees a minute, how can planting just a handful of seedlings make a difference? New tracts of tropical forest would then have to be cleared every two or three years.

A WWF - World Wide Fund For Nature tree nursery addresses some of the problems facing people that can force them to chop down trees.

Where hunger or poverty is the underlying cause of deforestation, we can provide truit trees.

The villagers of Mugunga, Zaire, for example, eat papaya and mangoes from WWF trees. And rather than having to sell timber to buy other food, they can now sell the surplus fruit their nursery produces.

Where trees are chopped down for firewood, WWF and the local people can protect them by planning fast growing varieties to form a renewable fuel source.

This is particularly valuable in the Impenetrable Forest, Uganda, where indigenous hardwoods take two hundred years to mature. The Markhamia lotes trees planted by WWF and local villages can be harvested within five or six years of planting.

Where trees are chopped down to be used for construction, as in Panama and Pakistan, we supply other species that are fast-growing and easily replaced.

These tree nurseries are just part of the work we do with the people of the tropical forests. WWF sponsors students from developing coontries

on an agroforestry course at UPAZ University in Costa Rica, where WWF provides technical advice on growing vegetable and grain crops. . .

This unnecessary destruction can be prevented by combining modern techniques with traditional practices so that the same plot of land can be used to produce crops over and over again.

In La Planada, Colombia, our experimental farm denionstrates how these techniques can be used to grow a family's food on a small four hectare plot. (Instead of clearing the usual ten hectares of forest.)

WWF fieldworkers are now involved in over 100 tropical forest projects in 45 countries around the world. The idea behind all of this work is that the use of

natural resources should be sustainable. WWF is calling for the race of deforestation in the tropics to be halved by 1995, and for there to be no net deforestation by the end of the century.

Write to the Membership Officer at the address below to find out how you can help us ensure that this generation does not continue to steal nature's capital from the next. It could be with a docution, or, appropriately enough, a legacy.



WWF World Wide Fund For Nature

International Secretariat, 1196 Gland, Switzerland.

FOR THE SAKE OF THE CHILDREN WE GAVE THEM A NURSERY.

Premier to join French anger anti-Eta march at deficit leak

yesterday.

By Tom Burns in Madrid

Mr José María Aznar, Spain's prime minister, will lead a protest march through the Basque city of Bilhao today, just hours before the expiry of a deadline announced by the terrorist group Eta to kill a prison officer who had been member of his centre-right Popular party.

Kts has threatened to shoot Mr Miguel Angel Blanco, 29, a municipal councillor in the small town of Ermus, nuless the government agrees to move hundreds of their jailed members to prisons in or near the Basque Country.

Last Thursday's kidnap and the ultimatum rocked Spanish society and prompted the mainstream Basque Nationalist party. PNV, to drop criticisms of the Madrid government's prison policy and close ranks behind Mr Aznar.

"Eta has imposed a condition which cannot be met," Mr José Antonio Ardanza,

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PRANUSE
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chief executive of the PNV-By Samer Iskandar and

led Basque government, said Andrew Jack in Paris Eta snatched Mr Blanco France's Socialist-led just 10 days after the secugovernment turned on its rity forces bad scored a opponents yesterday after notable success in their the publication of confidential public-sector deficit figlong-running war against the terrorists by freeing a ures produced by the former held captive by the organi-

centre-right administration. Several newspapers reprosation for nearly 18 months. duced extracts of a report submitted last month to Mr Yesterday thousands staged silent five-minnte Lionel Jospin, the prime minister, by his predecessor, protests at midday outside city and town halls through-Mr Alain Juppe - which out Spain. The turnout was suggested France's deficit particularly strong in the would be close to 3.5 per cent this year and 4 per cent

for 1998. The figures suggested that the new government would need to introduce considerable austerity measures or raise taxes in order to qualify for European monetary union. They also created a benchmark against which a government-ordered audit of public finances, due to be released on July 21, will be

criticised the lead and said the figures suggested Mr Juppé's government had ither lied about the state of France's finances during the election campaign, or did not know how serious the situation had become.

Mr Jospin's spokesman

announced a debt-for jobs swap with the SNCF, the state-controlled railway operator.

FFr20hn (\$3.38bm) of debt off approval in the autumn.

SNCF's balance sheet, reducing its financing costs. In return, the company will create 2.000 jobs. heavily aubsi-

dised by the government. However, analyats suggested yesterday that the move might trigger an inquiry from the European Commission in Brussels, since transferring the debt into a special "service annexe de la dette" created in 1991 means the liability is not taken into consideration for the calculation of the total public debt.

The railways initiative is a nod towards the Socialists electoral pledge to create 700,000 jobs, mainly for the young and long-term unemployed, and comes after Mr Claude Allegre, the educa-tion minister, promised to creata 40,000 posts earlier this week.

"This will please everybody," said an economist in Paris. The prime minister gets job creations, SNCF gets more money and the minister of transport avoids a confrontation [with the unions] over a reform it could not realistically go back on."

As a result of the deal, SNCF will gain roughly FFribn. The debt alleviation will reduce its annual financial costs by FFr1.3bn. The The row emerged the day railway operator will fund after the government directly 1,000 of the jobs for about FFr200m, while a further 80 per cent of the cost of the remaining jobs will be funded by the government, The agreement involves under a scheme expected to the government's taking receive parliamentary

effecture and sale of mediage t npenents. Design procuremen lextalkillow and start-up of comment for the manufacture summerior. Engineering and construction services. and its affiliate 1818 Market Str ALL PA 19103-3672

FORD MOTOR CREDIT COMPANY U.S.\$ 300,000,000 FLOATING RATE NOTES due April 10, 2001.

interest Period: July 10th, 1997 to October 10th, 1997 (92 days) interest payment date: October 10th, 1997 interest rate: 5.90% per annum Coupon amount: US \$ 150.78 per note of US \$ 10,000 US \$1,507.78 per note of US \$ 100,000

Agent Senk
BANQUE INTERNATIONALE

المحدّات الاجل آ

FRANCE

NEWS: INTERNATIONAL On your screen soon, for a limited run

plans for a novel the cheap, throw-away video

THE WILLIAM

CONTRACT TO NO.

rench anger

t deficit leal

are considering Hollywood is considering cheap video discs, to be thrown means of film distribution - away after one use. Video rental stores are not amused

disc for home viewing. An outline of the "secrecyshrouded" scheme for to allow only a single show-so-called Zoom TV was ing, which could cost about revealed this week by Mr \$5 - the same as an average Jeffrey Eves, president of pay-per-view film delivered sequent transactions is the Video Software Dealers via satellite or cable, and a questionable," Mr Eves said. Association, who saw the fifth as much as other DVD scheme as another digital. films currently available. age challenge to the conven-

tional video rental market. Implementation would give studios a bigger share int it - for a further charge of profits from the home eo trade, currently worth rental and sale revenues, he film's maker, distributor or

The system comprises a digital video disc, encoded mg, which could cost about

"Viewers would have the option of throwing the disc away after use, or reactivateach time - through a modified disc player connected by telephone line to the an intermediate agent.

split between the retailer, the studio and the owners of Zoom TV. Whether the retailers participate in sub-

ome might view the innovation as the "evil Diwin" of the newly launched digital video discs, most of which are currently priced for sale rather than reducing the video stores' share of the revenue

"Some in Hollywood

"The original sale price is might see this one-way prod- his company's belated entry act as an opportunity to into the DVD film business. turn every retailer in Amer-Movies could become as ubiquitous as chewing gum," Mr Eves said.

Studio executives at the conference, caught off-guard by Mr Eves's disclosure, would not discuss the prolect. "We have a respons ity to review every avenue of distribution for our products," said Mr Louis president of Universal Studios Home Video, who was in Las Vegas to announce

The studios' test-marketing of DVD players and discs this spring, and plans

حكدًا من الاجل

announced this week for a national launch in time for Christmas, have unsettled the US video rental trade at a time when its maturity is showing in slow growth. According to Mr Eves. first-half revenues in the 28,000 US video stores fell 7 per cent in the first half of this year.

Last year's 3.5 per cent sales growth was a far cry from the heyday of the business, in the decade to 1993, when turnover rose more than 10 per cent a year.

The strains on the industry have shown up most starkly at the international Blockbuster Video chain, part of the Viacom group, which has issued two profit warnings this year.

DVD's main enstowers targeted by Warner Bros, which is leading the national introduction in November - are up-market consumers who tend to buy rather than rent their home entertainment

> Christopher **Parkes**

Modest US gains seen from Nafta

) techno be The North American Free Trade Agreement produced developed any broadly only modest short-term agreed methodology to sort gains for the US economy, out from the nearly \$1,000bn the administration said yes in US annual imports, those terday, in a long-awaited imports that might displace report on Nafta, delivered to US production." Congress 10 days late.

The report, required by US absence of the kind of extravagant claims made administration was urging congressional approval of the agreement.

As has become the norm, officials pointed to increased exports to Mexico - up by nearly 37 per cent in three years - as evidence of the success of Nafta.

Since the launch of Nafta \$22.9bn. in January 1994 the modest attributed this to the enabled US companies "to strength of the US economy and the fallout from Mexico's 1994 peso crisis.

The report, low-key as it is, will form the basis for the Administration's push in sharing more and interest that region is monthly price declines in prices surged as investors. Congress for new trade negotile and appeared production, history, and further evidence concluded the absence of that inflation is, for the pressimilation virtually ruled out and other Latin American the US rose from \$1.40n in ent at least, dormant. that only big US business has reaped the benefits of \$2.8bn, while exports to Canusing cheap non-US labour. add grew by 39 fer cent to

using cheap non-US labour. ada gre US officials paint Nafia as \$2.700. one factor moving Mexico towards prosperity. Its crit- have, been stressing the ics yesterday were banding political gains of Nafta, out their own reports blam-ing the trade pact for lower US wages and Mexico's

A report from the Economic Policy Instituta, the Institute for Policy Studies and other groups said the "overvalued Mexican currency gave the US a tempothe illusion that Nafta would little to say about rising rity interests of the US." suggests inflation is era of improved economic making open market com-

that "the mainstream economic community bas not The official report did not

specify the percentage of the law, was notable for the exports which were the result of trade between different subsidiaries of multithree years ago when the nationals. But the flow of components and assembled products between the plants of multinationals in the region was a big factor in the motor industry, where US exports to Mexico rose 11 per cent between 1993 and 1996 to \$8.3bn and imports more than doubled to

Intra-company trade has US trade surplus with also been significant in the Mexico has become a deficit electronics industry. The of more than \$16bn. Officials report said Nafta bad realise synergles in the North American market, boosting global competitive-

The entire Nafta region is and Asian countries. It 1993 to \$4.2bn in 1996. Cana- Prices paid to domestic increase by the Federal has led to net job losses, and \$1bn to \$2bn. US exports to Mexico rose by 79 per cent to

> Administration officials claiming the transparency of the recent Mexican elections as a by-product of close US-Mexican co-operation.

"A prosperous, stable Mexico is better able to work with us in addressing other and drugs," Mr Robert Rubin, US treasury secrerary trade surplus with tary, said yesterday. "A healthy, growing economy in Mexico is not only in the be a net job creator instead interests of Mexico, but it is production pipeline, and of a net job loser for also very much in tha Americans." The report has national economic and secu-



Rescue workers search through concrete and steel yesterday hoping to find someone still alive in the ruins of a

Wholesale prices fall in US for record sixth month

By Gerard Baker in Washington

US wholesale prices fell for the sixth consecutive month kets were given yet another in June, the longest run of lift by the report. Bond

should allow US officials to da's textile and clothing producers for finished goods deny claims that free trade exports to the US rose from dropped by a seasonally adjusted 0.1 per cent last month, following falls of 0.3 per cent in May and 0.6 per cent to April, the Labour Department said yesterday. the year. At 2pm, the Dow In the first six months of Jones Industrial Average the year producer prices fell

> at an annual 3.4 per cent. A sharp fall in food prices June's drop. But even excluding the volatile food and energy components, the so-called core index rose by issues such as immigration In the first half of the year. core prices fell at an annual rate of 0.4 per cent.

Producer prices are a good tionary pressures in the

Already buoyed by a wave of favourable recent economic data, financial mar-Reserve in the near future. in morning trading in New York, the yield on the benchmark 80-year treasury bond fell to 6,54 per cent, its lowest level since the start of

was up 61.07 at 7.947.83. Price declines are all the more remarkable in current was the principal reason for circumstances because the cent or more in the first six months of the year, a rate just 0.1 per cent last month. that would normally be expected to place upward

the year. At 2pm, the Dow

ity constraints grow. While some economists early warning signal of infla- believe it is simply a matter robust expansion produces yesterday's figures confirm higher inflation, some argue all the recent evidence that the US has entered a new

nulai % change in Pinished Go les (seesomally adjusted):

performance, marked by solid growth with no infla-

"Basically there is simply US economy grew at a no pressure in the inflation Steinberg, chief economist at Merrill Lynch , the New York investment bank. "We look for a stable inflation pressure on prices as capac- rate during the next year 3.3 per cent in June, excluand would not rule out further disinflation.

A clear explanation for of time before the continuing this benign state is still hard. Core crude prices rose at an to find. At their meeting in higher inflation, some argue May, even members of the the first six months of the Federal Reserve's policy- year, having fallen by 5.5 per

mittee admitted they had no idea wby there was so little inflation at present. Many prodocers claim

they are unable to raise prices since the US market has become much more competitive in recent years, largely as a result of increased global competition. But the US has also clearly benefited in part from the strength of the dollar for most of the past two years, which has helped depress import prices.

Yesterday's figures did suggest, however, the merest hints of price increases further up the production pipe-

Prices paid for intermediate goods were unchanged last month. Excluding food pipeline," said Mr Bruce and energy, intermediate prices rose by 0.1 per cent. Raw material prices were less well-behaved. Though overall crude prices fell by ding food and energy they rose by 0.4 per cent, the fifth monthly increase this year. annual rate of 5.7 per cent in

INTERNATIONAL NEWS DIGEST

Waigel secures budget backing

The German cabinet gave unanimous backing yesterday to the plans of Mr Theo Waigel, the finance minister, for the 1998 draft federal budget and a special supplementary budget to allow extra borrowing this year.

Mr Waigel forecast that the government's strict spending controls - which set a 0.5 per cent growth target in federal outlays to DM461bn (\$283bn) next year from DM458.6hn this year - would help reduce the share of state activity in the economy to 48.5 per cent of gross domestic product in 1998 from 49.5 per cent this year. The minister predicted that the controversial

Eurofighter project, which is to receive DM850m for pre-production expenditures from next year's defence budget, rising to DM1bo in 2001, would be approved by the Bundestag, the lower house of parliament, in autumn Inclusion of Eurofighter in the draft defence budget was greeted with enthusiasm by the German ac industry. Daimler-Benz Aerospace (Dasa), the main German contractor, said it would strengthen the positio of the German industry in Europe. Peter Norman, Bon

Eleven shot in Bombay riot

Bombay police yesterday shot dead 11 people in clashes after residents of a low-caste suburb protested over a garland of shoes - a grave insult in India - found draped over a statue of B.R. Ambedkar, an author of India's

constitution and political icon for India's lowest castes. Violence erupted as police tried to force their way through a crowd at the statue. A police commis police "had no option" but to fire after some of the crowd pelted officers with stones and others torched a bus.

Witnesses claimed police fired without provocation. It was unclear who desecrated the statue, though politicians said the area had been a flashpoint betwe low-caste residents and members of the extreme Hindu nationalist Shiv Sena party. Mark Nicholson, New Delhi

Mixed feelings on Nigeria

The Commonwealth's predicament over Nigeria was highlighted yesterday when it endorsed General Sani Abacha's efforts to restore democracy in Sierra Leone while avoiding direct criticism of his failure to end military rule at bome.

After a two-day hearing, the eight-member ministerial action group expressed support for "efforts to restore the legitimate government of Sierra Leone, currently being undertaken by the Economic Community of West African States" (Ecowas).

Nigerian troops are playing the leading role in Ecowas efforts to reinstate Mr Tejan Kabbah, Siera Leone's civilian president, who fled after the coup in May. Speaking privately, Commonwealth officials cknowledge the difficulty of reconciling their support for Nigeria's role in Sierra Leone with the organisation's efforts to persuade the Abuja regime to restore civilian

Global bank standards urged

rule. Nigeria was suspended from the Commonwealth

two years ago after the execution of minority rights

A group of leading international bankers and regulators yesterday proposed a new system of self-regulation for the argest global financial institutions, built around a set of industry standards for controlling risk.

The Group of 30, a Washington-based financial think tank, said the global operations of the largest banks and financial institutions had outgrown national accounting, egal and supervisory systems which now control them. The G30 report* proposed a new standing committee to lay down standards for monitoring and controlling risk in international banks. External auditors should report on whether the biggest institutions, whose collapse could threaten the entire financial system, complied with these

George Graham, London *Global Institutions, National Supervision and Systemic Risk: Group of 30, 1990 M Street NW Suite 450, Washington DC 20036, USA, \$40.

Unemployment up in Sweden

Unemployment rate (%) not seasonally adjusted

unemployment rate rose to 8.8 per cent of the Swedes listed as

workforce in June. according to figure released yesterday by SCB, the national statistics agency. This compared with 7.8 per cent in May and with 8.4 per cent in June 1996. The total number in employment rose to 4.03m in the month from 3.88m in May, but was down from 4.06m in June last year. The number of

Michael Holman, Londo

unemployed rose to 391,000 in June from 329,000 in May, and from 371,000 in June 1996. The rise in the June unemployment rate was smaller than the average increase to 9.0 per cent that had been expected in the

Sweden's official

Hunger reaches Pyongyang Hunger problems in North Korea have spread to the

capital, Pyongyang, according to Mr Rolf Huss, acting country director of the United Nations World Food

Mr Huss said he had seen malnourished children in Pyongyang this month for the first time, though there vere still oo signs of a breakdown of social order. "North Korea still gives a very disciplined impression."

The UN had got a positive response to this week's appeal for an additional 130,000 tonnes of food aid costing \$45.7m to help meet requirements up till March next year. he said. Commitments worth \$14.2m had been received, with the largest - of \$12.5m - coming from the European Union. Archer Daniels Midland, the US company, had

Court cuts \$1.7m off accountants' BCCI fee

By Jan Kelly, Accountancy Correspondent £2,887,306:

British accountants called in ing partner at Deloitte & to the failed Bank of Credit Touche, said the decision and Commerce International was "incomprehensible" in overcharged by more than the light of the liquidators' £1m (\$1.7m) in the immedi- success in recovering \$4bn ate aftermath of its collapse in 1991 following the world's biggest banking fraud.

where the bank was regist he ruling as vindicating tered, yesterday fixed the allegations that fees have fees of liquidators Deloftie & been inflated and will seek Touche at £1.809,000 for the to have some of the liquidasix months after regulators tion fees reduced. So far lioclosed the bank in 1991. The 'uidators' fees are understood

accountants had charged to be £133m since the col- in question were vital to the Mr John Connolly, manag-

after the bank failed with liabilities of \$10bn. The firm intends to appeal.

A court in Luxembourg, But some creditors will see

which is to pay legal costs.

Despite the size and comis a universally acknowledged fact our rates were staff. well within industry stan-

dards and have previously been approved by courts the time, believes the final within the UK," said Mr Con-The liquidators will resist attempts to use the ruling which refers only to the preliquidation period - to drive down overall fees since 1991.

They claim the six months

lapse of the bank - half of success of the entire operation to secure BCCI's assets. Luxembourg court. The firm creditors funds. This entailed complex crossplexity of this liquidation it border moves and negotia- tries to compare its fee levels tions and large numbers of Deloitte & Touche, which

operated as Touche Ross at ratio of costs to returns for the liquidation will show it has charged below the industry average of 10 per cent, possibly as low as 7 per cent. Final dividends to creditors are certain to be much allegedly falling properly to England for allegedly failing higher than initial forecasts. regulate BCCI. The effect of to regulate BCCI.

The ruling was based oo a the ruling - if no appeal is report commissioned by the allowed - will be to swell believes the experts' report with those charged for a roualised insolvency work.

Relations between the and the Luxembourg author-Deloitte & Touche is in the process of suing the Luxem-

tors have received a 24.5 per cent dividend. A further divitine auditing assignment dend, possibly as high as 15 rather than highly speci- per cent, is likely before the end of the year. Creditors' funds could be swelled by a London-based liquidators third dividend and the receipts of court actions ities have been strained. taken oo their behalf. Liquidators are waiting to hear if they will be able to take bourg banking regulator for action against the Bank of

So far up to 100,000 credi-

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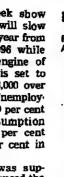
Netanyahu pledges cuts and extra cash

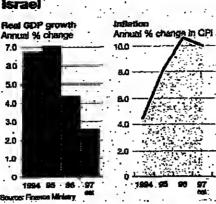
Mr Benjamin Netanyahu. the Israeli prime minister. yesterday renewed his pledge to cut spending hy an fall by 10,000 to 63,000 over extra Shk600m (\$168m) this year despite promising his ment will rise to 7.9 per cent coalition partners Shk3bn in and private consumption extra spending to keep the government intact.

The expenditure cuts are 1997. aimed at reducing the budget deficit to 2.8 per cent of grose domestic product, despite lower than expected economic growth. Economists said they were unsure bow Mr Netanyahu could reconcile his economic goals

that GDP growth will slow to 2.5 per cent this year from 4.4 per cent in 1996 while immigration, the engine of economic growth, is set to the same period. Unemploy will fall from 5.5 per cent last year to 2.3 per cent in

Mr Netanyahu was supposed to have announced the Shk600m cnt three weeks ago at a special cabinet meeting which triggered the resignation of Mr Dan Meridor as finance minister. Instead, he allocated funds to Yisrael B'Aliya, the Russian immigrant party, to





vahu promised more funds parties in an attempt to

Mr David Levy, the foreign

Budget deficit As % of GDP

that buying the support for partlean interests will the cabinet resbuffle - as well as a change in the style of decision-making - had cost the treasury Shk3bn. "The agreement (with the parties] was an expression of prime minister's office said: general intentions... things "If Netanyahu promises one general intentions... things which appear in it will be brought np for discussion only in the framework of the budget," be told the daily

newspaper Yediot Aharonot. Mr Netanyahu also isted he would take steps to reform the fiscal system through lowering the tax burden, broadening the tax base and scrapping some benefits. He would also liberalise the economy, hnt admitted it would not be on housing and education.

easy. "Elements which have remain because they enloy protection. Economic free dom frightens them," he told

the newspaper.
One official close to the thing to his partners and eays the contrary, he will soon face another crisis." Mr Yaakov Neeman, the new finance minister, said earlier this week he would press ahead with introducing a Shk600m cut. Although considered a free marketeer, he will be under pressure from the religious parties in the coalition, to which he is very close, to increase spending

Kenyan threaten to block elections

Opposition parliamentarians in Kenya threatened to make the country ungovernable yesterday unless their lemands for constitutional

reform were met.

In a significant hardening of their stance, a group of 10 opposition MPs said they and gone beyond considering a boycott of polls, expected

later this year. "We are saying more than that. No reforms, no elections," said Mr James Orengo, deputy leader of the opposition. "We will mobilise the public to ensure there are no elections."

Drawing parallels with the mood in Zaire before Presi-dent Mobutu Sese Seko's overthrow, he said Kenya was seeing the start of a rev-olution. "The flame of change is flickering in this olution. country. We do not want to be left behind by the Kenyan

Mr Moi has so far brushed aside pressure to repeal a range of laws critics say give him an unfair advantage in the polls. In his first public comments on Monday'e clashes between demonstra tors and police, which left at least nine people dend, he blamed the bloodshed on the opposition and told western nations calling for dialogue they bad no moral authority

to tell Kenya how to behave. His resistance to compromise appears to be stoking rejection of an elready unpopular government.

Leaders of the Kikuyu, Kenya's biggest and most commercially successful tribe, vowed earlier this week to disrupt the elections unless the constitution was amended, and Protestant churches joined Catholic hishops in calling for an immediate etart to the reform process

The civil unrest is taking its toll on Kenya's financial markets. Although the Nairobi Stock Exchange index was only 13.59 points down volume was 66 per cent lower as foreign bnyers waited to see bow the politi-

cal situation would unfold. "Foreign investors are hanging back rather than getting out of the market," said Mr Amisb Gupta, of Shah Munge stockbrokers.

They are quite nervous." The shilling, which some banks quoted as closing at 60.25 against the dollar, lost more than 10 per cent in its value during the week. Analysts said the Kenyan currency had only been saved from a more dramatic fall by Central Bank of Kenya inter-

Airlight

The fixed-income market, which has seen a massive influx of money attracted by Kenya's high interest rates. witnessed an unusual level of activity by investors cashing in on maturity. "The reaction has been worse than we expected. We would have liked people to wait a week at least before acting." said Mr Gupta.

Manila bows to lash of currency storms

After spending \$1bn in vain, the Philippines will let the peso float, writes Justin Marozzi

of depreciation, devaluation and deflation going around Asia," says Mr Micbael Taylor, chief economist at Indosuez W.L Carr Securities in Hong Kong. "It would be a very brave or very rich central bank that would pretend it could stand in the way of

international reserves of only \$10hn and short-term interest rates at an unsustainable 32 per cent, Mr Gabriel Singson, central pines, proved neither rich enough nor brave enough to

After spending \$1hn of the reserves in a vain attempt to defend the currency over the past week, the Philippines yesterday decided to follow Thailand in moving to more not a flexible arrangements. Its central bank will now allow COUNTRY IN the peso to move "within a new wider range consistent with significantly changed market conditions".

"This is expected to Eschweiler, head of ecoremove the incentive for nomic research for Asia at speculation against the peso J.P. Morgan in Singapore. and allow a gradual reduction in interest rates more as a temporary phenomemy's requirements," Mr

With low inflation, rising economic growth, a fiscal surplus, and an export performance which has outstripped its south-east Asian neighbours, most of the country's fundamentals are

But, warns Mr Neil Saker of SocGen-Crosby in Singapore, the lesson from Thai-land is that devaluation causes interest rates to go up, not down.

The fear in the Philippines now is that tight money could add to the squeeze on the economy in the ehort run, curbing growth pros-pects and adding to risk in the overheated property

And the Philippines, which already relies heavily on remittances from overseas workers, will have to find a way of financing its

Philippines

Real GDP growth Annual % change

1983 94 95 96

for the first quarter or just under 5 per cent of gross

national product. markets yesterday that the International Monetary Fund moved quickly to promise additional support if

Much depends on where the peso finally settles. Opinions vary as to the degree to which it was overvalued, but the initial plunge of 10.4 per cent may not be an indicabank governor of the Philip-tion of that, says Mr Bernard

> 'Unlike Thailand. distress'

"I look at the deprecistion

land, the Philippines is not a country in distress. We don't think there is going to be s substantial depreciation and don't expect much movement in either imports or exports." Foreign exchange dealers say the peso is expected to consolidate around 27-28 to the US dollar, compared with 26.40, at which it closed on Thursday night.

Comparisons with Thai land, which bave haunted Manila's stock market for much of this year, suggest some vulnerability in the banking and corporate sector following such a de facto devaluation.

Dollar lending by Philippine banks now amounts to 27.5 per cent of their total loans, against 10-15 per cent in Thailand.

Because Philippine banks, unlike their Thai counterparts, are obliged to maintain a 100 per cent hedge on current account deficit, a dollar borrowing - a regula-

Annual % change in CPI

"There is a rolling thunder nagging concern at \$1.13bn tion which analysts say they generally observe to within 1 or 2 per cent - the direct impact of the devaluation is not expected to be particu-

larly harmful. But over 20 per cent of local companies with foreign currency loans are estimated to have no natural hedge. This will increase banks' bad loans and eat into their prof-

cabinet reshuffle, Mr Netan-

Manufacturing companies which rely on high levels of imports are also likely to be

Under local accounting practices, Philippine companies are obliged to capitalise profit and loss on foreign exchange. This will affect those most exposed to for-

Yet Mr Raul Concepcion, president of the Philippines Federation of Industries, says allowing market forces to determine the exchange rate and introduce more volatility is clearly preferable to maintaining interest rates at levels which have more than doubled in the past fortnight and are already starting to damage local businesses.

They couldn't continue to interest rates," be says "If this were to continue

the penalty to industry of higher interest rates would certainly be far greater than keeping the exchange rate at

As Mr Eschweiler puts it "increased currency volatility will serve the Philippines well because it gives economic policy makers more room to focus on domestic monetary policy conditions without being constrained hy the exchange rate. I don't think the economy is going to be suffering too badly."

But other economists, such as Mr Saker, say they are relieved that the international Monetary Fund whose programme in the Philippines had heen due to expire this summer, is to extend its arrangement. "This is a bonus. It would be very dangerous for them to leave at

World Stocks, Page 21

Egyptian militants consider truce call

minister, and to the religious

By Mark Huband in Cairo

Leaders of Egypt'e main militant Islamist organisation are considering a truce in their five-year campaign of violence against the government, which has left 187 people dead since the beginning of this year.

Five senior members of the Gama'a al-Islamiya now in prison in Egypt have recommended that the organisation end the violence. One of the signatories also has links with the Jihad organisation, which carried out the assassination of Presi-

dent Anwar Sadat in 1981. The recommendation is believed to be under consideration hy Gama'a al-Islamiya supporters in exile The group's statement

was read out by one of 97 defendants being tried along with other alleged Islamists in Cairo. All are accused of launching attacks during 1994 and 1995.

The statement appears to have been the initietive of the prisoners. They are generally regarded as less infloential over the organisation's activities than its leaders outside the country. with cells inside Egypt and have access to funds with which to finance guerrille

operations. According to the Loodon based Arabic daily newspaper Al-Hayat, the five signatories had tried and failed to communicate their intentions to external leaders of the organisation before they issued the statement.

The fact that there have been no attacks by the militants during the past few days is regarded as a sign that the call may have been heeded, despite the absence of official approval by the organisation's ruling coun-

The truce call, to which the government bas not responded, follows the exposure hy Egyptian security forces of an alleged plot hy members of the Gama's al-Islamiya to hlow up the US and Israeli emhassies in

Four lawyers arrested on June 8 were said by the Egyptian military prosecutor's office to have been discovered with plans of the embassies. A fifth lawyer is being sought by police.

On June 28 three members of the organisation were banged, a year after being sentenced to death for launching attacks in Upper Egypt, where most Islamist guerrilla activity has been concentrated since the conflict started in 1992. A concerted campaign hy

the security forces has now virtually destroyed the



Israeli troops in Hebron yesterday jump for cover as a petrol bomb bursts into flame among them. Arab despair at the deteriorating Middle East peace process hit a new low yesterday when two Arab leaders voiced doubts that total breakdown can be averted. King Hussein of Jordan said Mr Benjamin Netanyahu, Israeli prime minister, had "let the people of Israel down" by stalling on commitments to the Palestinians. Mr Amr Moussa, Egyptian foreign minister, in a newspaper interview, blamed Israeli intransigence for the failure of an Egyptian initiative to revive direct talks between Israel and the Palestinians.

Tiny stickers are latest craze sweeping nation

Sega's Print Club puts Japan in the picture

By Gwen Robinson in Tokyo

Any visitor to Japan these days will probably notice the proliferation of brightly painted and curtained machines in urban areas, and the long quenes of schoolgirls and young female office workers, or office ladies", patiently awaiting their turn.

When the time comes, they huddle in front of a screen behind the little curtains, making faces and earnestly discussing the choice of formets hefore the machine takes their picture.

Within two or three minutes, there are shricks of laughter and mortified howls, as the machine produces a shiny sheet of tiny digital colour photographic

Welcome to Print Club. From the country that brought you Super Mario Brothers and Tamagotchi, the virtual pets, prepare now for the next craze to be exported overseas. These machines will appear in Europe by the end of summer and will be launched in the US in September.

In Japan, the stunning success of Print Club, or puri-kuru, has heen attributed to the vorscious appetite for novelty among young people. It also caters to a certain narcissistic glee among regular users. Each machine has a choice of 30 or more

frames and settings, and for Y300 (\$2.60), produces a sheet of 16 to 20 thumbnail size photo-stickers.

These are carefully divided and swapped between friends. They are stuck on calling cards, schoolbooks and mobile phones. Regular users have generated a new market for albums specifically made to bold the rectangular sheets.

Among schoolgirls, the goal is to collect 1,000 different stickers and then to collect 1,000 more. Social commentators, musing over the collective psyche of the purikara generation, have noted the powerful appeal of Print Club culture - the ritual of lining up with friends, the special vocabulary and the

swapping of stickers. "It's just another way kids can belong to something... hut will it work in America?" asked a Japanese news-

Print Club began life last year as the hottest novelty in Japan's vast network of game parlours. Now, however, they are appearing in places as diverse as railway stations, convenience stores and footpaths. At last count, there were nearly 15,000 machines - each averaging about Y30,000 a day in sales - in Japanese cities and demand is still growing.

The prime beneficiary has been videogame glant Sega Enterprises, which initially developed the machines in conjunction with the Tokyo video arcade game maker Atlus , to enhance its own empire of amusement facili-

The Print Cluh craze is one of the only bright spots in Sega's outlook, which has been clouded by falling sales of its Saturn game machine in the face of Sony's more popular PlayStation, and the recent breakdown of ite planned merger with the toy

Sales from Print Club huoyed Sega'e earnings in the business year to March, and in the current year, the company is relying on Print Clnh's continuing success for at least half of total sales. Sega also has high expectations for Print Club's reception overseas following the success of the Tamagotchi, produced by Bandai, and is now working on a version of Print Club featuring the Tamagotchi character.

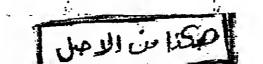
Like any mega-fad in Japan, new versions of Print Club are rapidly outstrip-ping eales of earlier machines. Each attracts a new wave of collectors who want to acquire the entire range of formats on offer. One of the most successful developments has heen a Print Club machine that snperimposes images of celebrities in the photo, so that fans appear to be side hy side with their idols.

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Story on the same

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Parameters

Crisis over parades eases in N Ireland

act of supremacy - are anxious not to

repeat the violence that followed last

week's parade in Portadown from

Drumcree Protestant church through

Mr Joel Patton, of the hardline Spirit

of Drumcree movement, attacked the

Orange Order's decision as a capitala-

tion to republicanism. But most Oran-

the Roman Catholic Garvaghy Road.

By John Kampfner in London and John Murray Brown in Belfast

Hardline Protestant politicians in Northern Ireland last night threatened future after reluctantly agreeing to call off parades that could have led to bloodshed.

The last-minute concession by the Protestant them. Orange Order to re-route or postpone marches through nationalist parts of Belfast, Londonderry and other towns provided the govern-ment with a respite after a week of criticism from nationalists. But there will nevertheless be 16 Orange Order rallies across Northern Ireland, and nationalists are expected to

The intervention of Lord Molyneaux, the former leader of the Uister Unionist party and head of the Black Preceptory, a sister organisation to the Orange Order, was yesterday seen as instrumental in securing Orangemen's to pull out of multi-party agreement about marches planned for

> Many members, who see marching as an expression of their Protestant faith - even if nationalists see it as an

party in Northern Ireland.

the negotiations.

talks about the region's today, John Murray Brown writes.

gemen are playing down talk of a split in the 60,000-member organisation. demonstrate at some of appeared to recede shead of last Sunday's decision to However, the decision Boyne in 1890 when the Prot- in Portadown. demonstrated a growing gulf among politicians who favour the continuing union estant Prince William of

Orange defeated the Roman with Great Britain, Mr David England. The prince suc-Trimble, leader of the largest ceeded him as William III. the Ulster Unionists, refused to commit himself to demands to withdraw from of en end to the acrimony between the British and The prospect of violence Irish governments following

today's annual commemora- allow the Orange Order to tion of the Battle of the march past a Catholic estate

In a telephone call, Mr Tony Blair, the UK prime Catholic King James II of minister, and Mr Bertie Ahern, his Irish counterpart. agreed to continue working The apparent defusing of together to give an impetus tension led to the first sign to multi-party talks chaired by Mr George Mitchell, the former Democratic majority leader in the US Senate.

We chose the latter," said Mr Drew Nelson, a liberal Orangeman. Ms Mo Mowlam, chief

the influence wielded by a party that

wears howler hats to commemorate

ancient battles between Protestants

and Catholics. But in rural parts at

least. Orangemen tend to be respect-

"We had a choice between a poten-

tial bloodbath and a propaganda coup.

able members of the community.

the unionist cause.

Northern Ireland minister in the UK government, dismissed protests from Rev Ian Paisley, leader of the hardline Protestant Democratic Unionist party, that there had been a "total sell-out" of

Optimism that immediately followed the Orange Order decision gave way late yesterday to a more familiar round of recriminations and

brinkmanship. Mr Gerry Outsiders will no doubt wonder at Adams. Sinn Fein president, called for nationalist protests planned for the weekend to he "stood down". However, he played down expectations of an early move towards e ceasefire by the Irish Republican Army. the paramilitary organisa-

tion linked to Sinn Fein. The Belfast Grand Lodge of the Orange Order, which represents the city's 20 district parades, said the UK government had failed to provide adequate security for the events. The lodge challenged the government to tackle the parades issue in a more concerted way.

Mr Robert McCartney, an independent Unionist MP. said he was prepared to walk ont of the multi-party talks, which he described as "entirely bogus".

The Northern Line, which

The Northern Line has

The new trains are being

delivered by GEC-Alsthom

as part of an £800m (\$1.35bn)

- £900m contract. The Lon-

don Underground's "dust-

buster" train, which would

normally suck up dust and

other debris from the tun-

nels, is out of action follow-

The Underground nor-

mally relies on passengers

opening windows to venti-

late its trains, and the new

Northern Line trains are the

first to have ective air-

conditioning which sucks in

Normally the dust which

accumulates in Underground

tunnels is sucked off the

walls and trackbed by the

50-year old cleaning train.

This travels through the sys-

tem et walking pace et night

when normal services have

But in March it was

derailed on a tight curve and

is now parked in a depot

waiting for new boxies - or

wheel sets - to be fitted.

London Underground says it

will be another month or two before repairs are com-

London Underground said:

"Recent gauging runs [to

test whether the new trains

fit in the narrow tunnels] on

the Northern Line have identified a problem with dust

entering the air conditioning

on the new trains. We are

confident we can overcome

This is the latest in a

series of sethacks on the Northern Line project, hailed when it was signed in

December 1994 as an early example of the private finance initiative et work.

and coois air.

stopped.

pleted

this issue."

ing a derailment in March.

UK NEWS DIGEST

Bloomberg TV service launched

Bloomberg, the business news and information group. yesterday launched a 24 hour satellite television service with an emphasis on the UK market. The service, carried on the Astra satellite system, will be aimed at affluent. op-market individuals across western Europe. Bloomberg television will be free to air and supported by advertising revenue. Mr Michael Bloomberg, founder of the group. said in Loodon yesterday that the satellite channel would cover sport, general news, weather and style issues, as well as providing business news. The main opposition will probably be CNN International. Bloomberg television is already broadcast oo cable systems across Europe via Eutelsat satellite system.

■ UN ENVIRONMENT PROGRAMME

Funding restored after dispute

Britain is to restore its funding of the United Nations Environment Programme following a dispute about the way the body was managed. Mr Michael Mescher, environment minister, yesterday announced that the UK would pay £4.35m (\$7.85m) to Unep to fund a range of projects. The UK suspended payments to the Nairobi based body last February after complaints from the Conservative government that it was badly run and spent too George Parke much on administration.

■ OVERSEAS EARNINGS

Net non-UK earnings of finance sector

		1000	1000	1004	1000
Banks	2,974	5,152	5,830	7,046	7,113
Insurance houses	3,344	2,157	3,739	3,990	6,141
Pension funds	1,079	1,356	1,486	1,723	2,271
Securities dealers	1,170	1,232	2,158	2,185	2,190
Investment trusts	155	199	265	291	371
Battic Exchange	334	474	300	262	260
Commodity dealers					
and bullion traders	415	431	455	576	642
Total	10,684	11,866	15,297	18,355	22,658

Financial sector eases trade deficit

Earnings outside Britain by the financial sector jumped by £2.0bn to £22.7bn (\$38.4bn) in 1996, more than accounting for the reduction in the current account deficit of the UK's balance of payments last year, according to statistics compiled by British Invisibles, the private sector body which promotes services exports.

The biggest contributioo came from the banking sector. Although lending income dipped by 4 per cent to £4.8bn. fees and commissions rose 6 per cent to £1.85bn. Direct investment income from overseas subsidiaries recovered strongly to EL 33bn, after a slump to El30m in 1995. Mr. Duncan McKenzie, economic adviser to British Invisibles said the UK's financial sector was well positioned to build on its strengths. "Further growth in its overseas earnings reflects the consolidation and strengthening of Londoo's eading position," he said.

HYUNDAI PLANT

McAlpine pulls out of contract

Hyundai has parted company with Sir Robert McAlpine, the main construction contractor for its new £1bn (\$1.6bn) microchip plant in Dunfermline, Scotland, following a disgreement over the price for the work. A joint state from the companies said: "Despite extensive oegotiations agreement has not been reached on certain matters and as a result the parties will not be proceeding any further with these peopliations '

Construction of the plant was expected to cost more than £200m.

Both companies are understood to want to reach an unicable settlement of claims for work already done on the project. McAlpine has won a string of contracts from overseas electronics groups establishing operations in the UK, including the Siemens plant in north-east England and Motorola's plant in Scotland. Andrew Taulor

■ COMMERCIAL VEHICLES

Market fails to revive UK truck registrations: June 1997

		June 1997		June 1996
	Volume	% change	% share	% share
Total	3,567	-11.93	100.00	100.00
Imports	2,107	-11.17	59.07	56.57
Paccar Group*	616	-21.33	17.27	19.33
tveco Group" (Fiat)	975	-12.16	27.33	27.41
Mercedes-Benz (Daimler Benz)	556	-20.57	15.59	17.28
Volvo	325	-20.54	9.11	10.10
Scenia (Investor)	341	-15.59	9.56	9.98
MAN	346	9.49	9.70	7.80
ERF '	159	26.19	4.46	3.11
Renault	95	-13.64	2.66	2.72

Truckmakers and importers are growing increasingly concerned at the slowness of revival in the heavy numercial vehicle market, John Griffiths writes.

Registrations of new trucks in the first half of the year were 18.3 per cent lower than in comparable months of 1996. Imports fell 19 per cent in the first half of the year. Stronger sales of panel vans - those not based on cars, and typified by the Ford Transit - meant, however, that the commercial vehicle market as a whole was 2.6 per cent higher in June than in June 1996. Sales were at 19,816 compared with 19,282; while total registrations for the first six months were 1.2 per cent higher at 132.409 compared with a 130,907 year ago. Sharp increases in the van sales of Peugeot/Citroën, Volkswagen and Mercedes all with new model ranges - meant the share of the total market taken by imports rose to 52.6 per cent in June from 47.2 per cent 6 year seo.

Long ride from racing cars to soccer rescue

of the March Formula One motor racing team, says he will be watching tomorrow's British Grand Prix at home on television. Now chairman of the First Division soccer club Oxford United, he has other projects to think about.

Mr Herd is believed to have been talking, among others, to Juventus, the Turin-based club owned by the Agnelli Fiat empire. An agreement between the two clubs - likely to involve sharing information, l'Automobile. resources and players would be a stunning coup for Mr Herd. It is not the first time the Oxford chairambition. In 1969 he was a promising 31-year-old racing car designer with £1,000 (\$1,690) borrowed from his mother. By 1986 be was the chairman of the world's Formula One, but in the most successful racing car manufacturer, and owner of the first such concern to go

team, Manchester United. At school he was a compulsive reader of Motor Sport magazine from under a desk lid.

On a visit to Oxford he went to the Manor Ground to watch his future team

ohm Herd, once head play. In 1962 the inconspicu-of the March For- ous club won promotion to the Football League.

In 1965 Mr Herd joined a fledgling Formula One team, led by New Zealand driver Bruce McLaren. Within three years Mr Herd's designs were winning races, but he moved again, first to Cosworth Engineering, and then on his own. The March motor racing team was founded in 1969. Mr Herd's partners included Max Mosley, now president of the Fédération Internationale de

"There were four of us. and we all had to raise 22,500," says Herd. "I borrowed a grand from my man has shown vaunting mother and put it on Jackie Stewart to win the world championship at 5-2. Stupid odds really, he was bound to do it that year." March never truly cracked

lesser formulas it was very successful. In 1981 the company entered US Indy car racing. "Until then the Sport was a passion from Americans built their own the start. As a child, he cars," he says. "We came watched his local soccer along, with Formula One technology, with cars that were faster and much cheaper to buy than they could build. We made six in 1981. In 1984 we had 29 cars of the 33 on the grid for the Indianapolis 500.



Grandstand seat: Robin Herd has invested in his passion for sport at Oxford United

'They were £5m in debt, losing £1.5m a year but he said it was a business opportunity too good to miss'

The Indy car orders made March wealthy, and in 1987 the group was floated on the Unlisted Securities Market order to create a Formula was chairman, and they

One team within the group, which was subsequently sold to Leyton House, a Japanese industrial property group. By the time the group fell on hard times, following an unfortunate diversification into financial services, he was no longer chairman. ...

Three years ago, Mr Herd was approached by a local radio fournalist with a view to helping Oxford United. "They were 25m in debt, losing £1.5m a year, there was litigation hanging over from the days when Robert Maxwell (the publish-Herd took a back seat in ing tycoon who died in 1991]

needed a new ground," says Mr Herd. And then with a huge laugh: "But he told me it was a business opportunity that was too good to miss.

He declines to say bow much of his money has gone into rescuing Oxford but admits cheerfully that "the barrel's pretty empty".

The club, though, was promoted to Division One at the and of the 1995-96 season and will be moving to a new ground in December, with almost twice its present

capacity. Shaun Campbell

Airline refuses to drop threat to strikers

By Robert Taylor, **Employment Editor**

British Airways said last night it would go ahead with its threat to suspend cabin crew who had gone on strike over the past three days if they refused to give the airline an assurance that they will work normally in future. This action is threatening to jeopardise hopes of peace talks this weekend. Staff reporting for duty today after the three-day strike will be asked to give a guarantee that they will not "We have no choice." the company said. "We have to ask crew whether they will work normally to enable us to roster schedules." "This would be a tragic

of the Transport and General branch and put away the iron bar".

Although BA claims that 1.900 of the cabin crew have reported sick during the three days of the strike, it taken strike action Earlier in the day Mr Mor-

ris welcomed a call from Mr Bob Ayling, BA's chief executive, for talks to settle the setback", said Mr Bill cabin crew dispute and to Morris, the general secretary prevent disruption by of the Transport and General ground staff. But he said he Workers' Union, which had assumed that BA would represents the strikers. "I do not carry out its threat to hope BA offer an olive suspend cabin crew who had gone on strike over the past three days.

Mr George Ryde, the tion officer, warned there would be "no talks with BA

crew were known to have strike is suspended on Saturday". The union plans to call further cabin crew strikes if talks fail.

Mr Ayling said he had written to Mr Morris suggesting immediate talks which could lead to negotiations for settling the cabin crew dispute and the threat of strike action by BA ground staff in support of the airline's catering workers. Those workers oppose the planned sell-off of BA union's national civil avia- catering operations to another company.

tion, a BA official confirmed. said last night that 313 cabin if anyone who has been on mal 223 daily flights had to be cancelled at London's Heathrow airport as a result of the cabin crew dispute yesterday, while 110 of the normal 122 flights left as usual from Gatwick airport.

 Mail will not be delivered in parts of London today following a 24-hour strike by more than 3,000 workers in a dispute about hours and overtime. The Royal Mail division of the Post Office condemned the stoppage as "disgraceful". The worst disruption is expected in postal districts EC1, EC2, EC3, EC4,

nion to decide soon on catering row

By Michael Skapinker, Aerospace Correspondent

When British Airways catering staff worked to rule in May, the airline had to tell passengers to eat at the airport before boarding their flights. That inconvenience will seem insignificant if catering workers, supported by other ground staff, decide next week to declare a series of 24-hour strikes.

The Transport and General Workers' Union will

sell its catering business at London's Heathrow airport. BA managers are dismayed at the catering work-

ers' decision to fight the sell-off. They say they have met all the catering employ-The second reason BA is is worth \$11bn a year.

disappointed is that it A large catering group, the

to go ahead with stoppages has no long-term future and invest and secure the jobs of nies controlled 50 per cent. In protest at BA's decision to that staff would be better off the 1,200 BA catering work. Two of the top in-flight working for a group which specialises in providing in-flight food. BA loads food on to its

flights at 150 airports worldwide. All this food is provided by contractors except ees' concerns. Staff have at Heathrow. BA says that been told there will be no its Heathrow catering busiredundancies or pay cuts for ness accounts for only 1 per three years under a new cent of the worldwide market for in-flight food, which

the 1,200 BA catering workers. "Large catering organisations can concentrate capital spending solely on catering equipment and premises," BA said in a message to staff.

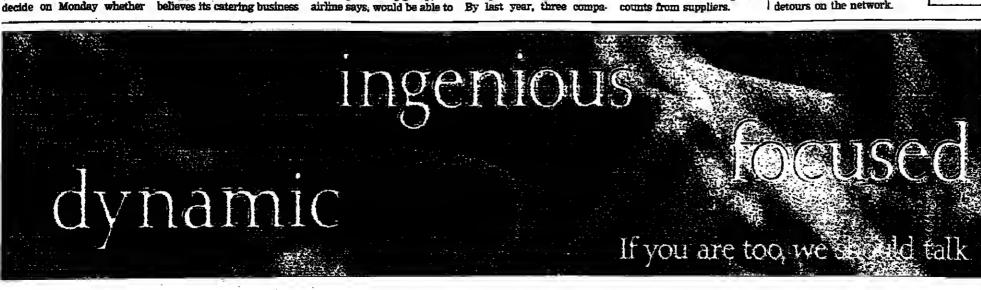
industry, faced with passengers who demand better food bnt do not want to pay higher fares, is consolidating rapidly. In 1992, 10 companies controlled 56 per cent of in-flight catering worldwide.

Two of the top in-flight caterers are owned by airlines. LSG Skychefs is owned hy Lufthansa of Germany. Gate Gourmet is owned by the parent company of Swissair. BA says, however, The in-flight catering that these catering operations are far larger than its own.

BA tried to win in flight catering contracts from other carriers but found that its Heathrow operation was too small to secure large discounts from suppliers.

GEC-Alsthom paid several million pounds in penalties after delivery of the first train was held up for more than a year by problems at lts Metro Cammell train huilding works in Birmingham.

 A section of the Underground's Bakerloo Line in central London which has been closed for maintenance since November last year is due to reopen on Monday. The closure has meant that many passengers in central London have had to make detours on the network.





BT and MCI: why they should talk

A ride on the rollercoaster

Yesterday's devaluation of the Philippines peso, hard on the heels of the Thai balt, comes at Capel point out, the worst performer in the region this year is Emerging markets are much in less risen by a quarter. Elsevogue at present Russian equivies have more than doubled signs that investors are exercises. since the start of the year. Chi-nese "red chips" are up 90 per cent, Brazilian equities 70 per cent. Soma Slovenian bonds, as these columns pointed out earlier this week, are yielding less than half a percentage point over equivalent US Treasuries.

Before concluding that investors have taken leave of their senses, it is worth stepping back to consider some fundamentals. Through the 1990s, emerging markets have been driven by three principal forces. First, the death of communism has hastened the development of privatisation and free markets. There are now more things to buy,

Second, there is more cash to buy things with. The apparent death of inflation bas led to easy monetary policies in the world's chief economies; and with Wall Street at unnerving heights, the flood of cash is lapping on remoter shores. Third, the globalisation of world markets prompts portfolio investors, like corporations, to seek to capture growth in developing

The first and third of these changes are real and permanent, the second perhaps less so. There is a clear warning here. Emerging equity markets, near future, they will still take like Wall Street itself, are being a growing share of institutional partly driven by liquidity rather than investment fundamentals. Meanwhile, the low interest rates causing that liquidity are feeding an appetite for high yields: hence the risks being taken by investors in exotic have unusually high growth

Spectacular movements But if emerging equity markets are being driven by liquidity, they have not been driven as far as all that. The IFCI composite index, which tracks shareholders, it has also been 15 per cent in the first half of ment over the years. this year. Wall Street rose 18 per cent. Over the past three years the Dow has donbled. while the IFCI index bas not risen at all.

This is because the spectacolar rises in some markets have been offset by equally spectacular falls. Latin American markets have risen almost 40 per cent this year on average, but Asian markets have fallen 5 per

cent. In Latin America there is

a thought-provoking juncture. Argentina, which has nevertheing discrimination. China may have shot up, but the much larger Thai market has fallen by a third. Hungary is up almost balf, but the neighbouring Czecb Republic - another devaluer - is down a fifth.

Emerging bond markets are perhaps another matter. Here. the signs are that investors' appetite for risk is getting out of hand. Yield spreads have been reasonable. There are more junk bonds coming from the corporate sector, with interna-tional investors buying issues from second-lina corporations rather than blue chips. There is growing demand for bonds issued in the local currency rather than in dollars, which given the recent spate of devaluations is positively unnerving.

Underlying trends

Conversely, of course, investors are becoming more sophisticated. This is a useful corrective to the view that the recent behaviour of emerging markets is no more than a bubble. There are powerful underlying trends at work; and wbether or not those markets outperform in the investors' attention and cash-

There is a further fundamental point to be made. Most developing economies - even those of Africa in recent years rates. It is an investment truism that stocks with abnormal growth rates are also abnormally volatile. Think of the US semiconductor maker Intel, whose stock price rockets and plunges every quarter. But if Intel has been a wild ride for its an uncommonly good invest

The inference for emerging

markets is that investors who feel they understand the risks sbould go in with their eyes open. One caveat, though. Some may feel that in diversifying into emerging markets, they are bedging in the near term against a Wall Street collapse. The reverse is true. At present, the same liquidity is driving both. When Wall Street cracks Brazil, Russia and the rest are due another downward swoop clearly the risk of a stampede. on the switchback.

Communications gap

MCI appears to have failed to inform BT, its proposed merger partner, of the extent of its problems, says Alan Cane

ir Peter Bonfield shakes his head wearily as yet another briefing drew to a close: "And I thought the computer industry gave me grey hairs." be says mefully.

Sir Peter, former head of International Computers and now chief executive of British Telecommunications, spent vesterday trying to reassure investors and analysts that BT's \$20bn merger with MCI of the US is not about to fall apart.
The deal, through which BT

plans to link with MCI, the second largest North American long-distance carrier to form Concert, would be the biggest transa tlantic merger to date. Until the middle of this week, the greatest threat to its consummation seemed to be the possibility that the Federal Communications Commission, the US regulatory anthority, might find reasons to block it or force tough conditions

on the potential partners.

But on Wednesday, the MCI board - including a shocked Sir Peter - heard that the US company had miscalculated the difficulties of breaking into the US local telephone markets. Taking a significant share of this market, worth \$100bn a year, is a primary objective of the merger. The solution, MCI executives told the board, was to redouble its efforts in these markets at an extra cost of \$400m in the current year and a further \$400m next year. It plans to spend the cash on a combination of capital equipment, marketing and acquiring customers.

The consequence for MCI will be trading losses of \$800m in its local market business in the present year compared with a budgeted loss of only \$400m. It was, Sir Peter says with a trace of a smila, "a typical MCl type of reaction", indicating MCI's reputation for its aggressive approach to problems.

It is not the first time that Sir Peter has taken a goodhumoured swipe at MCI's swashbnckling management style

short of disastrous. The company

breaking into the long-distance

largely intact - the ronte it

mapped out to Wall Street on

Thursday - or whether it must

go back to the drawing board.

calling market.

or one of the most

respected management

teams in the US, the rev-

elation was nothing

chairman. Yesterday, however, the smile was strained. "We are somewhat surprised and disappointed that MCI did not see some of this coming," says Sir

Peter. He does make allowances

for the US company: the US mar-

ket is in the midst of a huge,

sometimes unpredictable transi-

But BT does not accept that MCI is taking either the right or the most effective approach to its difficulties. Sir Peter and Mr Robert Brace, director responsible for BT's international alliances, will be sitting down with MCI executives in an attempt to understand

realistic view to take, or whether there is a better way of attacking the market place," says Sir Peter. He accepts he has no sanction if merger altogether.

Sir Peter insists the merger will go ahead, although he does not rule out the possibility of renegotiating the terms. The industrial logic behind the creation of Concert remains intact. Much of the profit in telecoms is destined for a small number of multinational carriers able to offer international customers nications Act had monopolies in seamless and worldwide services. their respective regions, are The episode raises a number of "Robert and I will be looking at questions, which underlina investors' fears that cultural differ- understands the tactics that an

could undermine the credibility of the enterprise. Why, for example, was BT so surprised and sbocked hy MCI's revelations? MCI chooses to ignore BT's One might reasonably ask advice - short of cancelling the whether companies that advertise themselves as a global force in communications should not be able to communicate with each other a little more effectively. Both companies thought they

understood how difficult it would markets. MCI is complaining that the local phone companies, which until last year's US Telecommuusing blocking and delaying tactics to impede its progress. BT

petitors. It has, after all, been accused of using most of them in defending its UK market share. Some analysts argue that the MCI stance is merely a threat. It

has not, after all, yet spent the extra money. They say it is a move designed to impress the FCC with its need for new money to hreak into local markets and to draw attention to the alleged anti-competitive activities of its

It would he in keeping with MCI's gung-ho style. But BT must be hoping that whatever MCI's intentions it keeps its partner fully informed. For BT. which has an advertising slogan of "it's good to talk", that wish is

A big local difficulty

Richard Waters on MCI's surprise announcement

husiness controlled by AT&T has foundered in its attempted suddenness of MCI's news that onslaught on the far bigger local most shocked the stock market. As one telecoms analyst says, "investors had fallen in love To make matters worse, the scale of the problems appear to with the idea of Concert" since have come as a surprise not only to British Telecommunications, its prospective merger partner, but also to MCI itself. The question now facing MCI is whether it can push ahead with its plans

"This should not have been a telecoms analyst at SBC War- needed for full competition. burg in New York. "The impediments to breaking into the local stalled the outbreak of the sort

Foremost among these was the

legal victory won by the Baby Bells last October, tha month before BT and MCI announced the merger with BT was their union. This decision, which announced. Rivals such as AT&T is before an appeal court, have fallen heavily out of favour. blocked an attempt by the Fed-But MCI has proved that it, too, eral Communications Commission to set rules governing how local and long-distance compasurprise," says Mr Barry Sine, a nies link their networks. This is

This and other setbacks have

This prompted AT&T to discuss a merger with SBC Communications, one of the Baby Bells, to acquire instant access to the local market, though the talks were dropped late last month.

MCI, for its part, seems determined to pour more money into building its own local networks in some of the country's biggest cities, positioning itself for the time when obstacles to competition are finally removed. It told industry analysts this week that \$1.10 to \$1.20.

1998 on building local networks.

The company bas already spent \$1bn building networks in total to 31 by the end of this More than anything, it was the market have been building for of competition envisaged in last year. By owning its own addenness of MCTs news that some time." year's Telecommunications Act. switches, which route calls, MCI had hoped to avoid the hefty access charges that it currently pays to Baby Bells.

But delays preventing the company offering services as quickly as it had boped mean its revennes from local services will reach an annualised rate of only \$500m by the final quarter of this year. Wall Street had been expecting earnings roughly to match last year's \$1.72 a share: instead, they will now be only

Bread rolls not missed with this exotic breakfast menu

Premium on a conglomerate

From Ms Nicola Foote. Sir, As an inmate of Sandy Lane Hotel, Barbados, I was little surprised at some of the criticisms of this lovely hotel in your article "A few cracks in the old lady's make-up" (Weekend FT, July 5/6). Perhaps your journalist is suffering from Winner envy.

The breakfast buffet may be a cares when there's grilled flying fish and champagna (rather more platable at breakfast than you might think when the temperature's in the 80s and breakfast

runs until 11am). Service is impeccable; the hotel is beauti-

As to your criticisms of pricing in Barbadian dollars and American dollars, it is not as hard as you'd think. One American dollar equals two Barbadian dollars. Not beyond the wit of the aver-

Nicola Foote, Room 217. Sandy Lane Hotel,

age FT reader, methinks. little light on bread rolls but who

From Mr Andrew Compbell. Sir, John Perry's defence of GE (Letters, July 9) misses the point eloquently made in your leader. It is not the synergy within GE Capital that is in question. It is the wisdom of having GE Capital as part of a conglomerate portfolio. Financial services, broadcasting and aircraft engines clearly are not natural bedfellows. The success factors in each business are radically different. They should, therefore, only be beld

Our research suggests that the conglomerate form causes value destruction of at least 10 per cent

together if the value addition is

substantial.

due to bureaucracy, slower decisions and the inappropriate parenting that results from misunderstanding the differences. Jack Welch would need to argue that be is adding more than 10 per cent to the value of GE Capital to justify retaining it in the portfolio. Assuming GE Capital worth about half the total, the value added would need to be in

Andrew Campbell, Ashridge Strategic Management Centre. 17 Portland Place.

the order of \$5bn.

London W1N 8AF, UK

A great politician misplaced

From Mr Simon Coates. Sir. In your cantionary leader, "Pounding in store" (July 5/6) on Mr Gordon Brown's first Budget, you cite Edmund Burke only to refer to him as "the great 19th century" Whig politician.

Your quotation of Burke is clearly apt, but in the week of the 200th anniversary of his death (July 9 1797), the mis-dating is surely cruel. Acute to the foibles of men, bowever, he would doubtless attribute it to tha under-

standable euphoria at the FT over the chancellor's announce ment that value added tax would not be extended to newspapers during this parliament. Not to tax and to please indeed.

Simon Coates, series producer, Edmund Burke. BBC Radio 3. Broadcasting House, Portland Place, London W1A 1AA, UK

LETTERS TO THE EDITOR-

Number One Southwark Bridge, London SE1 9HL We are been to encourage letters from readers around the world. Letters may be faned to +44 171-873 5938 (please set far to fine'), a mail; letters editored from Published letters are also available on the FT web site; http://www.FT.com.

Translation may be available for letters written in the main international languages.

Global authority would bring benefits to economies of emerging markets

From Ms Stephany Griffith-Jones. Sir, Henry Kaufman's article, "A safe and sound system" (July 7), very rightly stresses the need for the creation of an institution with genuine authority over global financial institutions ant

Measures such as minimum capital requirements for all leading financial institutions would not just diminish systemic risk. but would contribute to diminishing volatility and short-termism of capital flows.

Such volatility of capital flows is particularly damaging to the

ing markets. This was dramatic ally illustrated by the negative economic effects of the 1994 Mexican peso crisis. More recently. speculative attacks on the Czech crown and the Thai baht have also had negative, though less

pronounced, economic effects. Institutional and other developments which will contribute to smoothing out surges of capital flows to emerging markets would therefore be especially valuable, as this would make these flows contribute far more to those countbenefits of capital flows clearly ontweigh costs, they will continue to be strongly committed to walcoming such capital flows. This will bring clear benefits to developed countries, which can obtain more diversified and higher yields in those markets.

Stephany Griffith-Jones. fellow,

Studies. University of Sussex. Falmer, Brighton BNI 9RE, UK

Institute of Development

Fox hunting with some continental frills

From Ms Arja Koskivaara. Sir, It is highly amusing for a continental European to follow the discussion on the proposed anti-hunting bill. There are obviously more aspects to it than the fear and suffering of the poor fox. Foxes are definitely a nuisance if the population is too big; on the continent they also tend

to be the main transmitters of rables and rather nasty worms. It is certainly not economical to kill foxes with dozens of hounds, horses and accompanying humans. One should rather hunt them down with more bumble methods.

• It is a great tourism attraction to see the red frocks of the bunters on a clear autumn day, chasing over the fields and the woods. • It is a security problem to have a big hunt in a densely populated or a too small area. Some traditional hunts close to the

From Mr Stanislas Yassukovich. Frankfurt/Wiesbaden area face having to move to less fre-Sir, The real quality test of a quented areas to avold collisions. democracy is not whether the Therefore, state-owned forests, such as the areas belonging to the Ministry of Defence with no other public access at that time,

would be ideal for this. Even though the Britons traditionally are not too keen to import any fancy new continental frills, why do you not simply try this: replace the running fox with a rider spreading a scent appealing enough for the hounds to make them follow the trail and replace the tearing of the fox by some other goodies any decent country butcher can deliver - or is the reason behind all this also

Aris Koskivaara. Schadowstr 14, 60596 Frankfurt am Main,

fear of BSE?

majority rules but whether minorities are protected. Your editorial, "Alas, John Peel" (July 10) points out the declining economic importance of the countryside and the ambivalent attitude of the urban majority to rural issues. Of course, you are right and there are few votes

in the countryside. But is that justification for an attack on the way of life? As a minority interest, the rural interest deserves a degree of respect. especially on environment issues, where the rural view is based on knowledge and experience rather than prejndice.

Stanislas Yassukovich, S.M. Yassukovich & Co. 42 Berkeley Square, London WIX 5DB, UK

Confusing signals about what dictates interest rate fall

From Mr M.G. Albury. Sir, When there is a weakening of the pound, or a run on the pound, we are told that interest rates must rise.

When the economy is doing well, with subdued inflation, we are told interest rates must rise. Is it too much to inquire what or which criteria will result in a reduction in interest rates?

M.G. Albury, 34 Balcaskie Close. Edgbaston. Birmingham B15 3UE, UK

From Mr Mark Scutt. Sir, So the UK base rate is now to be double that of France and Germany and more than 10 times that of Japan. No brownie points should be awarded for keeping inflation around 2.5 per cent when imported goods have become so much cheaper with the pound propped up by one of the highest real interest rates in the world.

No doubt the balance of trade will deteriorate and the pound

will eventually fall after thousands of manufacturing jobs are lost as they always are when sterling is kept above its real level by interest rates higher than those abroad.

Mark Scutt, Britalco Engineering, Marston Road,

Wolverhampton WV2 4LA, UK From Mr A.N. Sperryn.

Sir, If everybody is so fussed about the money arising from demutualisation receipts pushing up consumer spending, would it not be a good idea to call for the banks and building societies to make special (windfall) deposits with the Bank of England?

I should have thought that it is possible, in order to restrain the amount of money in the system, to do something other than put up interest rates, which are far too high anyway.

A.N. Sperryn, 43 Newstead Way. London SW19 5HR, UK

Changing payment culture

From Ms Barbara Roche MP. Sir, Katharine Campbell is quite right when she reports that Labour has put efforts to change the culture of late payment at the heart of its small companies policy" ("Brussels backs payment rule", 9 July). Tha scale of the late payment problem means one in five small businesses simply

cannot grow. This government is determined to make a difference. As well as requiring government departments and local authorities to set a good example by paying their bills on time, the introduction of a statutory right to claim interest on late payment of commercial debt will help to improve the payment culture in the UK. Most EU countries have some

form of statutory right. April's NOP survey found that the UK had the worst late-payment record in the EU apart from Ireland and Portugal, and that 86 per cent of UK small businesses want to be able to choose to use a statutory right to charge interest. I shall be publishing a green

paper soon. This will lead to legislation which will make a real contribution to improving the payment culture.

Barbara Roche, parliamentary under-secretary of state for small firms, trade and industry, Department of Trade and Industry, 1 Victoria Street, London SWIH OFT, UK

حيكنا من الاجل

t's the phone call we all fear," says a Labour

minister. "It's when

Tony says: Td like you

to become Northern Ireland

Two months into the job.

Ms Mo Mowlam may believe

the chalice is more poisoned

than ever before. The lows

have already been desper-

ately low. Her decision to

allow a Protestant march

through a Roman Catholic

estate in Portadown a week

ago set off some of the worst

civil unrest for many years.

Yet, no sooner had politi-

cians and commentators

written both her and the

peace process off, than Ms

Mowlam confounded the

odds. On Thursday she per-

suaded the Protestant

Orange Order to call off or

re-route a series of parades

dus to take place today.

These had been in danger of

flaring into violence that

Ulster politics, talk of civil

war was replaced by specu-lation about a new IRA

ties for peace. The view thet

Ms Mowlam had committed

a serious blunder turned to

raise in some quarters for her tenacity. Yet no sooner

had nationalists denounced her over Portadown, than

hardline unionists accused

her of destroying their long

An accurate assessment

as a former Conservative

cherished right to march.

asefire and the possibili-

In the fevered world of

might have led to deaths.

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THE STREET



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COMMENT & ANALYSIS

Woman in the News · Mo Mowlam

A new broom in Ulster

John Kampfner on the Northern Ireland secretary's unique style

points out, lies somewhere between. "There's much less drama in the job than people think," says Mr Michael Ancram. "Most of it is grind-

The crises have been salutary for the Labour government. For the first time, its slick presentational skills and Mr Tony Blair's promises to "make a difference" have run into the buffers.

It has not been for want of trying. While maintaining the broad parameters of the former government'e policy, Ms Mowlam has brought a help defuse trouble next new style and vigour to the joh. She is informal and often tactile, putting her arms around the leader of the residents' association in Portadown'e Garvaghy Road. Where Sir Patrick Mayhew, her patrician predecessor, acted as a benign governor-general, she has shown herself more ready to address grassroots concerns, haranguing and cajoling as she argues her case.

"Mo's style is 'in your face'," says a close friend. "She has toned down some of the gum-chewing and private and public staunchly

past. But she is still unlike virtually anyone et Westminster, let alone in Ulster." The problem, as Ms Mow-

lam concedes, is that her role is limited. She told the Commons this wesk she would introduce a bill in the autumn on new procedures for marches. This would include an independent commission to determine whether a parade should go ahead, its decision to be determined not just on the grounds of public order.

year. But, this will not be enough. "We can accommodate, negotiate and change legislation, but we cannot force the people to live together unless they themselves decide to do so," she said. "I readily admit that I - with many other people who tried - failed to find accommodation."

Such a commission could

Such uncharacteristic candour for a minister reinforces the affection much of the public and many MPs from all sides hold for Ms Mowlam. Mr Blair has in

vails of the past week.

Yet mistakes have been made. Her promise to inform the Garvaghy Road residents in advance of the decision on whether to let the march pass was broken. Last year when Sir Patrick got into similar trouble over Portadown, Ms Mowlam vowed to remove the final decision on parades from the embattled police.

She ended up by doing exactly the same. Her task was not helped when her chief of police, Mr Ronnie Flanagan, admitted that the threat of greater violence by unionists had ewayed the decision to permit the march. "Might is right" is an

adage all too often applied to Ulster. So angry were some in the Northern Ireland'a civil service at the government'a acquiescence to the threat of violence that they leaked a memorandum suggesting Ms Mowlam and others had decided to allow the Portedown march through two weeks before it took place. She denies that

Northern Ireland minister shoes off approach of the backed her during her tra- made clear she feels betrayed by officials. Ms Mowlam knew she was

> sion. Yet the government is convinced that the alternative could have seen the police and army overrun and the province descend into chaos. "When mistakes are made you are hlamed." says one of her colleagues. "When something good happens, people say it happened in spite of your actions." If she, and the province,

get through today - the annual celebrations by unionism of the Battle of the Boyne in 1690 when William of Orange defeated King James II - the coast could be comparatively clear. The last significant date in the marching calendar is the Apprentice Boys' Parade in August. If more compromise is shown by both sides, that flashpoint could also he defused. Yet the threat of a full-scale IRA offensive, as ever, remains.

Ms Mowlam is withstanding the torment remarkably well, especially for someone who underwent treatment interpretation, and has for a benign tumour at the

ule is perhaps the most tiring of any cabinet member, including flights between London and Belfast almost daily, and suffocating security. Yet ehe remains disarmingly cheerful.

So what are her chances of really making a difference? Her seat has been occupied by many a wellintentioned predecessor who going to get flak for the decileft disappointed.

Long-term success will depend, as with the last government, on political progress, on persuading the Ulster Unionists and the moderate nationalist SDLP to reach an accommodation et the tortuous multiparty talks, and on securing an IRA ceasefire that would allow Sinn Féin to join.

The government says the parties have promised to agree by the end of this month a timetable for when the negotiations resume in earnest in September. This revolves around precise details of how the vexed issue of paramilitary arms decommissioning will be dealt with. Ms Mowlam and Mr Blair

have warned they want the whole process settled hy next June, with or without Sinn Féin, Nobody dares predict the chances of suc-

It will be a long haul for Ms Mowlam - with more hrinkmanship, bomba and



f anyone should he huhbling with optimism in France, it ought to be the left, which to its own surprise and that of most pundits won power last month.

But Mr Lionel Jospin, the Socialist prime minister, is alreedy facing complaints from his backhenchers and his Communist coalition partners that he has reneged on electoral promises: specifically over the relatively marginal issue of Reneult joh closures in Belgium.

"Jospin is not Merlin the Magiclan," says a minister in his leader's defence. But Mr Jospin will need something up his sleeve if he is to keep his coalition sweet. when he takes hard decislons over hndget deficits, taxes, welfare reform and privatisation.

The brevity of the political honeymoon is indicative of e wider French disenchantright is more downcast than the rest. The Gaullists are hallowed 1958 constitution that now leaves President Jacques Chirac stranded in

cohabitation with the left. But the dominant refrain of the May campaign was "the fed-up factor" - ras-lebol - with established politicians. This feeling has been variously exploited by the Greens, who are now in government, and by the far- strove in talks on the Genright National Front, which eral Agreement on Tariffs won only one seat but and Trade of the early 1990s chalked up as many votes as the RPR Gaullists.

France, all seven of Snow services. White'e dwarfs should be named Grumpy (Grincheux). they have also become a This grumpiness appears to have subsided into plain apathy, reflected in rising abstention in elections and in diminishing membership of most political parties and instability. Last month's trade unions. Economically it is manifested in the reluctance of consumers to spend

and of companies to invest. The French have not fallen tourists on the French way tailor-made for stability. of living, both urhan and rural. They are ready to pay high-rate taxes for high-qual- Europe that goes against the

An exception in Europe

The rapid end to Jospin's political honeymoon is symptomatic of French unease and its determination to do things differently, says David Buchan

beloved corner stores and boulangers from the dread supermarkets. They take understandeble pride in such technical achievements as the Minitel online information network, the Ariane space rockets and high-speed TGV trains. And no French politician fails to strike a chord when he calls for "a return to the values of the Republic" - the 1789 slogan of liberty, equality and fraternity. The call for "a return" to

such values is an admission of how far France has left them behind, evidenced hy political corruption scandals ment with the political sys- at home and support for dictern Naturally, the defeated tators in Africa. Mr Jospin's image as Mr Clean helped him win the election, during even begining to admit there which be also pledged a new The French used to trum-

pet the universalité of their values as an example for the Elysée in an uneasy other countries. But in recent years, far more has been heard of the defensive concept of the exception fruncaise, the idea that France is somehow exempt from those aspects of economic globalisation and European integration it does not like. France to protect its farming and film industries. And it has It is joked that to adapt fought European pressure to Eurodisney properly to reform its public sector and

But many French realise more dire sxception in Europe. They have an unemployment problem second only to Spain's, and almost Italian levels of political election means that France has seen a real shift of power between left and right six times during the past 16 years. The growing political out of love with France as a inconstancy of the Fifth culture and a civilisation. Republic is all the more gall-They are no less keen than ing to those who thought the annual invasion of 50m their 1958 constitution was

There is thus much in todey's France and in Frankenstein. ity services and higher grain of what many French per capita than their British prices to safeguard their had been led to expect of or Italian counterparts. But



their country and continent. The presence of the xenophobic National Front and the absence of jobs for more than 3m people seem all the worse when set against the Republic's high-minded proclamations of toleration and

equal opportunity. Pressure from Brussels for deregulation is all the more irritating for a nation that believed, with some reason, that it had shaped the European Union in its own image. All the more so when it saw its creation transformed into a free-market

The French produce more

they draw little satisfaction from this since their benchmark has always been Germany. When German reunification expanded its real output beyond the ability of France to compete. Paris

launched European eco-This it saw as a way of trymany in the nominal economic terms set out by the interest rates, debt and deficit ratios.

verge of giving up on its own project. Certainly this would seem to be the case if the of 1986-88 launched privatisaterrand could when he had deficit is as serious as Mr tions which the Balladur to cohabit with the right. Jospin says, and if he is as government of 1993-95 con-

unwilling as he appears to take extra austerity mea-

France may be facing a long period of political immobility, though not necessarily because of cohabitation hetween the Socialist nomic and monetary union. premier and the Gaullist president. Although most ing to level-peg with Ger- French still equate divided government with weak govdency of François Mitterrand; the Chirac government

tinned, edding pension This could happen again under the Jospin government, which is theoretically well placed to win over the unions to reform of the wel-

fare system. The great advantage e French prime minister has in a cohabitation is that, provided he keeps the confidence of his parliamentary majority, he cannot be replaced at the whim of the president. More of a constraint on Mr

Jospin may be the conflicting pressures within his coalition. Insids his own dominant Socialist party there are already tensions between Mr Dominiqus Strauss-Kahn, the finance minister who is prepared to cut his budget cloth to suit Aubry, the labour and social affairs supremo whose overriding interest is putting the jobless back to work - with public money if need be.

r Jospin has said he is against privatisation in principle, except where "the national interest" justifies lt. Bnt if he uses this let-out to sell off part of France Télécom (which is probable), or all of the Thomson-CSF defence company (which is possible), he will hit trouble with his Communist allies The latter could then quit the government, theoretically robbing Mr Jospin of his parliamentary majority.

Nonetheless, the Joapin government is likely to go the full five-year term. President Chirac is most unlikely to call another snap electioo. not just because he so badly hungled this year's poll, but hecause one of its consequences has been to distance him from his own RPR ernment, cohahltation can Gaullist party: Mr Philippe Maastricht treaty: inflation, lead to movement and Séguin, the new RPR leader, reform. This happened when . is nothing like as close or the right was in government loyal to the president as Mr But France may be on the under the Socialist presi- Alain Juppé was. Mr Chirac cannot play chief of the opposition as President Mitterrand could when he had This long period of cohabi-

tation will highlight France's inherent constitutional dilemma. This pits the unique authority a French president has hy virtue, since 1962, of being the one politician directly elected by all the people, against the right of the government, hy virtue of the 1958 constitution, to "determine and carry out the policy of the nation". A formal rebalancing will

now be very difficult. President Charles de Gaulle could, and perhaps should, have done it in 1962 by getting the government's right to "determine" policy dropped once hs obtained his election by universal suffrage. It is too late for that now; the French have since had too much of elective monarchy over the past 35 years to agree.

Whatever the institutional outcome, it is clear the present set-up has handicapped France. It has found it harder to push through reform than those European partners with e unified executive embedded in a prop-The irony is this means the French sometimes risk sabo taging the very European schemes they have themselves dreamt up.

No country has clamoured more than France for a European defence industry capable of taking on the US. But none is doing more to icopardise this vision than France with its dithering over freeing its state arms companies to join up with their European counterparts in the private sector.

France's participation in Emu is almost as vital as that of Germany, But this too is threatened because of tha tendency of its governments - right as well as left - to throw public money at unemployment rather than reform the labour market

A growing cross-section of French opinion - including Mr Edouard Balladur the former Gaullist premier, Mr Jean-Clande Trichet, the Bank of France governor, and Mr Jacques Delors, the aocialist ex-European Commission president - nov believes France should imitate structural lahour reforms of countries such as

Following foreign models is distinctly un-French. But in the end, it is the only way out of the blind alley called

Bring back bear baiting

Britain is rightly proud of its reputaanimal lovers. So lt was not surprising that leading politicians and public figures joined thousands of angry gamekeepers, farriers, dog trainers and other rural workers at a rally in London's Hyde Park this week to protest against the new anti-hunting hill.

On the fece of it, encouraging dogs to pursue foxes and stags to their death might seem a cruel and unseemly pursuit. A more dispassionate approach to this emotive subject suggests that it is in the ani mals' best interests.

once roamed the forests of Britain is no longer to be found in its natural habitat, and its tragic loss can be traced to the decision to ban the ancient sport of bear-baiting.

Many of the arguments used today to snpport a han on hunting have a familiar ring. Popular sentiment in the campaign to end bear-baiting was aroused hy so-called scientific reports, similar to the recent National Trust study on deer hunting, suggesting that allowing dogs to savage bears caused the animals deep distress.

Well-meaning animal lovers also objected to the spectacle of dancing bears. whose innate sense of rhythm was enhanced hy gentle tugs on a cord leading to a brass ring affixed to their snouts. Townsfolk, even then out of touch with the country waya, failed to realise that inserting a ring in bears' noses is a relatively painless operation, essential for the control of these notoriously temperamental beasts.

The animal rights lobby of the time won the day, and the economic conse quencea were as painful then as a ban on hunting would be today. Bear keepers and their

families, who had devoted their lives to their charges and whose deep attachment to them was an object lesson to all animal lovers, lost their livelihoods. Tavern trade suffered when patrons were deprived of the spectacle. Nose-ringers ended up in the poor house. Employment in the leather industry fell, and the ancient craft of muzzle-making fashioning the ornate leather devices that fitted over the bear's snout - was lost to the world.

But the ultimate casualty was the brown bear Itself. once a symbol of medieval England. Within a decade it was all but extinct. Today only a handful remain, wretched creatures in zoos, restlessly pacing their cages, poignant testimony to the consequences of a well-intentioned ban Let us learn from history. Don't ban hunting bring back bear-baiting.

Michael Holman

The military could benefit from new types of low-power display screens, writes Damian Carrington Charge of the light brigade wrist-mounted or hand-held displays that will be much

onsumers are often hard to please, but the ultimate tough customers must be soldiers.

and US military have grooves on each plate and mer on the glass plates to resulted in the imminent allow light to pass through. create a preferred direc-arrival of low-power, high- When a voltage is applied tion," explains David resolution display screens the crystal alignment Gleaves, the UK agency's that are light enough to be carried on the battlefield closes. and tough enough to survive

ornia, dpiX, is doing the new vision for the future. same with an uitra-high The new plastic screens resolution screen for the will be flexible and tough Pentagon.

sandwiches in which a fill-still deliver high quality. ing of liquid crystal sepa- "Traditionally the liquid face, the liquid crystals are However, the agency intends ogy is essentially a great "Our technology will lead to aviation."

The demands of the UK The crystals line up along aligned by rubbing a poly-

Replacing the glass with Rugged portability and plastic has been a small surface details on to razor-sharp resolution were long-standing industry once mutually exclusivs ambition. Previous attempts options, but the UK Defence have only succeeded by Research Evaluation Agency . reducing the performance of is combining these features displays, but a fresh look at features in any number of in a plastic screen, while a plastic panel LCDs by the directions," Xerox subsidiary in Calif- UK agency has produced &

enough to be sewn into a Liquid crystal displays are soldier's battledress and yet This means that, by control-

changes and the shutter business manager for displays, "We've challenged this notion by using a mask lighter, tougher and cheaper and UV radiation to etch the plates. With rubbing.

there is only one alignment

direction, but with micron-

scale etching, we can create The etching process is not only better cut out for plastie than glass hnt has also enabled the UK agency to create a "bi-stable" device. ling the shape of the sur-

rates two plates of glass. crystal molecules are able to flip between open to make the acreen even leap backwards. But before and shut states and so can leaner by using the avail- now it just did not give the remain there when the volt- able natural light to illumi- normal contrast," says Carl age is removed. Unlike normal LCDs, no

tain the picture and so the

power consumption shrinks. "Producing bi-stability is a real advance for this type of LCD," says Helen Gleeson, senior lecturer in physics at the University of Manchester. "Fast or complex displays usually use thin film transistors, but because the etching has produced bistability, transistors are not

LCDs are most weighed down by bulky batteries, so reducing power use helps slim down the power pack.

needed and that is much

nate the display, making the Cobb of dpiX. pixel either absorbs the uid crystals to reflect the ground.

The new dpiX screen also nology. Its 7m-pixel screen is claimed to be the densest display in the world. It delivers the alectronic equivalent of a 300 dpi (dots per inch) laser-printed page. hut until now has had to rely on a backlight.

"For thousands of years peopla have used the sun for light, so reflective technol-

usual power-hungry back- The dpiX screen overvoltage is required to main- light unnecessary. Each comes this by using the liq-

> light hitting the screen or light or let it pass through lets it pass through to be to a pitch-black background, reflected off a shiny back- the negative case from normal reflective displays. To improve the colour response introduces reflective tech- dpiX has also dispersed liqnid crystals in a thin sheet rather than capturing individual microscopic bubbles in a polymer.

The low-power but high-

more readable outdoors. Satellites can teli you what is going on over the hill and this display puts that data into the leader's hands." But ultimately, civilians

could benefit too, because both the UK agency and dpiX have developed their patented displeys as dualuse technologies. Tha plastic, hl-stable screens will bring a sharper look to mobile telephones, as well as wristwatches and handheld organisers.

The crystal-clear colour of the dpiX screen is destined for hand-held televisions and electronic books. And performance colour screen for these lean, mean screens from dpiX appears set for a even the sky may not be the bright military future. "The limit. In time these screens army used to travel on its are likely to replace the curstomach, now it travels on rent movie screens in the its datastream," says Cobb. weight-conscious world of

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COMMODITIES AND AGRICULTURE

Germany to sell its oil reserves

MARKETS REPORT

The German cabinet yesterday approved a sell-off of the country's 54m barrel oil reserves.

The reserves will be sold off between now and the end of 1999. The first batch of 2.8m barrels will be offered to the market in two weeks

The government said it was selling the crude to help it meet the criteria to join the European single currency. It expects the sales to raise DM400m this year and DM500m in 1998.

Brent crude for August delivery fell 26 cents on Wednesday after the government announced that it planned a reserve sale. The Brent price was unaffected hy yesterday's announcement of details of tha sale. August Brent finished on \$18.04, up seven cents.

The reserves, which have been stored in underground caverns since the 1970s. might be sold at a slight discount to Brent to factor in any possible deterioration over time in quality.

One analyst estimated a sale of all the reserves would earn the government per cent in 1998 as naw between \$800m and \$900m.

But he said the sales with annual German imports of crude. "It's hardly an net importer of copper. earthquake," he said. "It just But these bopes were:

went a slight correction yesterday following large falls [the price] will go in the earlier in the week. It closed at \$2,428.5, up \$30.

BASE METALS

Copper shed nearly 7 per cent of its value earlier this week because of worries about a possible supply surplus. "When you have a fall of the magnitude we have seen in the last few days it's no surprise you see a rally in the market," said Mr Angus MacMillan, metals analyst for Billiton Research.

Copper production is estimated to rise by about 6 per capacity comes on stream. Some analysts had boped

would be small compared the excess supply might be bought up by China, a large But these bopes were scup-

demand pered by news this week of The COPPER price under- from China to the west. "There's no telling where it sbort term," said Mr Mac-

WEEKLY PRICE CHANGES

	Latest prices	Change on week		High	Low
Gold per troy oz.	\$320.25	4.25	\$381,45	\$369,65	\$324.50
Silver per troy oz	259.00p	-10.5	330.50p	330.10g	269.500
Aluminium 99.7% (cash)	\$1541.5	-42.5	\$1473	\$1666.5	\$1419.5
Copper Grade A (cash)	\$2428.5	-131	\$2027.5	\$2704	\$2317.5
Lead (cesh)	\$657.0	+8.5	\$791.5	\$725.5	\$604.5
Nickel (cash)	\$6830	-10.0	57645	\$8220	56495
Zinc SHG (cash)	\$1481.5	+23.5	\$1025.5	\$1411.5	\$1044
Tirı (cash)	\$5515	+30	\$6296	\$6050	\$6505
Cocoa Futures Jul	£1026	+4	€1022	£1131	£847
Coffee Futures Jul	\$1778		\$1776	\$2470	\$1232
Sugar (LDP Plaw)	\$286.20	-2.40	\$308.75	\$311.00	\$268.40
Barley Futures Sep	₹76.50	1.50	£103.75	296,50	£78.00
Wheat Futures Jul	£75.50	-4.75	£110.65	£102.20	277.50
Cotton Outlook A Index	80.90c	+0.10	82,10c	61,40c	78,15c
Wool (64s Super)	4210	-3	434p	4480	387p
Oil (Brent Blend)	STEOTX	-8.5	\$19.26	\$24.85	\$16.95

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High/kow	1331,5 42.0	1585/1555	Dec	3258 +15 3265 3235 6138 37,585
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Previous	1395-405	1425-90	Apr	389.7 +13.5 5 149
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Coen int.	38.565	656-7	See	438.0 -2.3 439.5 439.5 10,080 84,537
Total daily turns			Sec	4423 -22 446.0 439.0 907 14,538
H NICKEL &	per tormel		- Jan.	444.1 -22 446.6 441.0 - 18 448.5 -22 451.0 447.0 12 8,425
Close	6825-35	6940-45	Total	
Previous	S755-65	6965-75		
High/low AM Official	6750-60	6870-75		
Kerb close		5966-70		
Open Int. Total daily tumo	52,222 Wer 13,359		EN	ERGY
E TIN & per b			EC	RUDE OIL NYMEX (1,000 barrels. \$/barrel)
Close	5510-20	6580-70		Labort Day's Open
Previous	5465-75	5520-25		price change high Law Yol lest
High/low	E420 80	5580/5520 5525-30	Ang .	19.31 +0.00 19.44 19.01 47,295 78,786 19.46 +0.06 19.58 19.28 28,924 58,609
AM Official Kerb close	5470-80	5545-50	Oct	19.52 +0.07 19.58 19.37 16.393 37,478
Open int.	13,407		Mar	19.52 +0.10 19.63 19.45 4,104 21,009
Total daily turns			Dec Jes	19.63 +0.07 19.68 19.53 4,522 43,427 19.65 +0.05 19.68 19.60 2,662 21,947
	al high grade (\$ p		Total	189,560 414,804
Close Previous	1481-2 1472-73	1487-8 1482-83	■ C	RUDE OIL 19E (S/barrel)
High/low	14/2-15	1493/1465		Labort Day's Good
AM Official	1485-66	1474-75		price change High Low Yol list
Open int.	98,910	1485-6	Aug	18.04 +0.05 18.15 17.90 7,867 38,130 18.12 +0.07 18.20 18.00 5.942 70.233
Total daily tumo	Mer 37,407		Sep	18.12 +0.07 18.20 18.00 5,942 70,233 18.26 +0.10 18.30 18.15 1,251 17,234
COPPER, g	rade A (5 per tonn	a	Sicu	18.45 +0.16 18.42 18.31 755 10,415
Close	2427-30	2283-4	Dec	18.52 +0.09 18.52 18.44 247 15.846 18.54 +0.07 18.54 18.50 48 11,175
Previous High/low	2397-400 2434/2430	2282-83 2285/2250	Total	n/a n/a
AM Official	2404-05	2273-74	E 18	EATENG OIL MINEX (42,000 US galls; clus galls)
Kerb close		2283-4		Labort Day's Donc
Open int. Total dely tumo	159,127 wer 98,912			prior change Mgts Law Yol het
	Meial 2/6 rate: 1.4	ndos	Aire	\$2.25 +0.14 \$2.45 \$1.85 10,873 37,247
LIME Closin	g £/\$ rate: 1.6945		Sap Oct	52.95 +0.16 53.00 52.50 5,658 23,414 53.75 +0.15 53.80 53.35 2,829 20,653
Spot 1,69(3 3 mile:	1,6294 Spain: 1,6201 9	aths 1,5775	Nov	54.70 +0.21 54.75 54.35 1,312 14,911
-			Dec	54.70 +0.21 54.75 54.35 1,312 14.911 55.35 +0.21 55.70 55.20 1,366 15,181
E HIGH GRAD	E COPPER (COM	EX)	Jac	56.15 +0.31 56.20 55.85 1,059 13,114 26.713 147,264
Sett		Open		AS COL PE (\$/100H)
	#1.15 108.20 105.70			Set Day's Own
	+1.15 108.29 105.70 -0.05 105.00 104.00			price charge High Law Yel hat
Sep 104,30 -	-0.05 104.90 103.00	9,564 22,141	Aug	182.00 +0.25 162.25 161.25 4,368 25,947
	+0.45 103.49 102.00 +0.45 103.28 102.00	101 1,427	Sup	181.50 -0.50 163.75 163.25 1,161 7,887
	40.45 102.70 180.60		Nov	165.75 -0.50 165.25 165.50 473 7,485 187.75 -0.50 168.00 187.50 87 4,642
Total			Dec	160.25 -0.75 160.75 160.25 59 10,181
			Jan	170.00 -0.75 171.00 170,50 551 5,157
PRECIOL	IS METALS	3	Tatal	8,194 70,912
	JULION MARKET		- 10	TURAL GAS MMEX (10,800 souths; Shaneba.)
(Prices supplied	by N M Floshech	id)		Labort Day's Open
Gold(Troy oz)		tv SFr equity	Aug	price change that Low Yes led let 2,123 +0.008 2,140 2,110 11,558 39,079
	20.00-320.50 20.80-321.20		Say	2.121 -0.009 2.140 2.120 8.330 23.178
Marning for		22 485,832		2135 +0.901 2.150 2.130 2.313 24,189
Afternoon for	319.50 188.5	18 465.831	Nov Bec	2.275 +0.011 2.275 2.264 609 11,726 2.405 +0.006 2.410 2.400 488 15,365
	21.10-321,50 18,50-318,90		Jac	2.440 +0.004 2.445 2.480 535 15.523
Previous close 3			Thirt	23,465 200,794
Loco Lda Maur	Gold Landing Re	tes (Vs USS)		LEADED GASOLINE
	341 12 months		- 10	MEX (42,000 US palls.; cAUS palls.)
2 months ———				Letest Day's Open price change thigh Low Vot set
Stower Fix		S cts equiv.	Ang	58.15 +0.55 58.90 58.55 18.735 35.024
Spot	257,10	435.90	Sep	57.70 +0.30 58.10 57.25 9,368 15,308
amonths I months	290.70 264.50	440.70 445.70	Oct Ber	58.15 +0.35 58.45 55.65 2,507 8,490 55.30 +0.23 55.40 54.80 794 2,860
1 year	272.65	456.25	Dec	55.00 +0.20 55.10 54.80 652 6,302
Gold Coins	\$ price	£ equiv.	3-	55.50 +0.50 55.50 55.10 906 4.264

■ GOLD COMEX (100 Troy oz; \$/roy oz)	GRAINS AND OIL SEEDS	SOFTS COCCOA LIFFE (10 tennes; E/tenne)	MEAT AND LIVESTOCK
Selt Day's Open price change High low Yol let	Sett Day's Open	Sett Day's Open price change tigh Low Yel Jul	Sett Dey's Open Price change High Law Yel int
Jul 321.5 +1.4 56,992 -	July 7550 -240 7750 7750 11 135	Jan 1026 -12 1031 1027 64 733	Aug 65.750 +0.775 65.850 64.65014.054 37.765
Any 322.2 +1.4 323.1 319.5 25,280 109.8k Sap 322.8 +1.4 323.0 321.7 - 3,708		Sep 1040 -15 1063 1040 1,931 30,076 Dec 1063 -15 1081 1084 931 36,781	Dec 71.650 +0.200 71.075 70.800 2.096 15.099
Oct 323.T +1.4 224.5 321.8 983 10.575 Dec 325.8 +1.5 326.6 323.5 6,136 37,885		New 1083 -14 1105 1083 667 45,136 New 1087 -12 1113 1080 254 18,623	74 900 +0 200 74 950 74,450 392 3,423
Feb 327.8 +1.4 327.5 327.5 271 9,969 Total 25,140 216,360	May 88.75 -1.15 89.00 86.75 25 818	Jul 1111 -11 1128 1113 258 5,835 Total 4,628,167,987	Total 23,316 94,500
B PLATINUM NYMEX (50 Troy oz.; \$/troy oz.)	WHEAT CET (5,000bu mar; certs/60b bushel)	COCOA CSCE (10 tormes; \$/tormes)	E LEAN HOGS CIME (40,000fbs; cents/fbs)
Jul 4127 +14.0 410.0 401.0 57 743 0xt 295.7 +14.0 397.0 281.7 813 10.006	Jul 322.00 +0.5 325.50 515.00 714 2,094 Sep 228.50 - 335.50 323.00 9,145 38,761	Left 1556 -34 1575 1575 2 51 Sep 1575 -24 1602 1573 4,160 32,621	Aug 81.450 +0.425 83.400 62.800 1.815 3.668 Aug 81.450 +0.725 81.650 80.750 4.768 12.547
Jun 386.7 +13.5 390.0 395.0 11 1,846 Apr 389.7 +13.5 5 149		946 1627 -21 1650 1625 1,556 22,138 1640 -19 1676 1660 149 21,572	Oct 74,825 +0.475 74,950 74,300 2,418 10,912 Dec 71,775 +0.625 71,900 71,125 1,817 5,193
Total 811 12,837	May 352.50 - 355.50 350.00 38 788	Mary 1680 -19 - 1680 38 10,042	70.150 +0.250 70.200 89.800 125 1.817 As 85.375 +0.975 85.350 65.350 83 1,179
E PALLADRUM NYMEX (100 Troy oz.: \$/troy oz.) \$4.50 153.00 +4.50 153.00 149.00 2.178 4.265	Jul 354.75 +1.75 396.00 250.00 72 2,978 Total 18,266 26,462	Jul 1698 -19 9 1,147 Tetal 5,807 181,175	Tetal 10,815 30,634 PORK BELLIES CME (40,000lbs: conta/bs)
Dec 150.00 +4.60 152.00 149.60 164 783	MAJZE CST (5,000 by mir; certs/58b bushel) Jul 251.50 +1.75 252.00 245.50 4,133 14,727	BE GOGGA (ICCO) (SDR*a/torne)	34 82.650 +0 975 82.700 61.800 337 709
Ann 150.00 +4.10 105 7otal 2,388 8,308	Sep 236.75 +2.25 237.75 231.50 11.370 63.172	Deby 1240.73 1236.78	Asg 80.750 +0.875 61.375 80.100 1,877 4,851 Feb 72.175 -0.675 72.800 71.500 211 . 822
SELVER COMEX 5,000 Tray az; Centertray az.	Dec 237.00 +2.5 237.50 231.75 24.216150,438 Mar 245.00 +2.75 245.75 240.50 1,373 27.295	■ COFFEE UFFE (5 tornest; \$/tonnes)	Mar 69.600 1 18 July 73.500 3 5
Jel 4327 -22 435.0 435.0 46 229 Aug 433.3 -25 100 -	May 250.50 +2.5 250.75 248.50 148 4.820 Jul 254.00 +2.75 254.00 249.50 145 8.304 Tutal	\$60 1775 +4 1775 1745 2,416 24,006 867 1755 +7 1747 1715 1,074 12,020	Tetal 2,525 6,212
Sep 438.0 -2.3 439.5 439.5 10,000 84,537 Sec 442.3 -22 446.0 439.0 907 14,638	Tital 41,823 271,865 BARLEY LIFFE (100 tonnes; 2 per tonne)	Jan 1720 +9 1700 1884 344 4,107 Mar 1890 +9 1655 1865 65 811	LONDON TRADED OPTIONS
Jan 444.1 -22 446.0 441.0 - 18 War 448.5 -22 451.0 447.0 12 8,425	Sep 76.50 -0.50 23 Nov 70.00 -1.00 79.25 79.00 70 1,062	May 1675 +9	Strike price \$ tourie - Calls Puts -
Total 11,021 34,172	Jan 81.00 -0.50 191 Mar 82.75 -0.75 82.75 82.65 15 19	COFFEE 'C' CSCE (37,500bs; certs/lbs)	(98.7%) LIME . Aug Nov Aug Nov
	Many 84.00 -0.75 9 Total 65 1,314	186.00 +3.50 187.00 182.00 79 451 Sep 184.10 +2.40 185.50 180.75 7,350 11,807	1500 74 111 7 25 1800 16 54 49 68
7,570,4	SOYABEANS (21 5.000to tric; costs/60to traste)	Dec 151.00 +2.50 151.75 148.00 1,842 5,204 200 141.85 +1.35 142.50 140.00 226 2,457	1700 1 22 133 132 ■ COPPER
ENERGY E CRUDE OIL HYMEX (1,000 berreis, Scheme)	Jul 785.50 +6.5 787.00 783.00 2,964 4,155 Aug 750.00 +4 752.00 725.00 17.561 33.767	May 139.00 +2.25 139.00 137.50 14 584 Jul 136.75 +2.00 145.00 138.05 47 297	(Grade A) LME Aug Nov Aug Nov 2200 135 145 19 85
Labort Day's Open	Sep 846.50 +1.25 650.00 636.50 8,063 12,556 New 583.75 -2.5 588.00 588.00 23.017 89.864	Tatal 9,581 21,152 E COFFEE (ICO) (US cents/pound)	2300 70 97 54 135 2400 30 67 113 198
price change ligh Law Yel let Any 19.31 +0.09 19.44 19.01 47,295 78,786	Jan 557.25 -2.75 502.00 293.50 813 13.952 Mar 505.50 -2.75 511.00 602.00 1,032 4,205	Jul 10 Prev. day	1700
Sep 19.46 +0.06 19.58 19.28 26.524 58,609 Oct 19.52 +0.07 19.58 19.37 16.383 37,478	Tatal 46,257 143,667 E SCYABEAN OSL CET (80,000fbs: cents/fb)	Comp. daily 154.07 142.33 142.10	1750 124 126 99 158 1800 102 111 127 188
Dec 19.63 +0.07 19.68 19.53 4,522 43,427	Jul 21.90 +0.06 22.00 21.65 3.263 2.164	WHITE SUGAR LIFFE (50 tonnes; \$4cnne) Am. 322.0 +0.8 322.2 320.0 2,855 4,162	E COCOA LIFFE Jul Sep Jul Sep
Jun 19.85 +0.05 19.58 19.50 2,952 21,947 Total 189,560 414,804	Ang 21.93 +0.04 22.08 21.74 8,710 23,979 Sep 22.01 +0.04 22.17 21.83 2,297 14,159	Det 316.8 +1.1 316.2 314.5 1,155 9,792	975 81 123 12 35 1000 84 108 24 45
E CRUDE OIL 19E (S/barrel)	Oct 21.98 -0.01 22.14 21.84 2.797 13,402 Dec 22.02 -0.06 22.28 21.91 4,475 41,421	Mar 3157 +0.8 315.7 314.9 310 4,955	1025 49 93 34 55
Latest Day's Open price change High Low Vol let	Jan 22.16 -0.05 22.53 22.10 667 4,936 Total 23,899 184,789	Amg 312.8 +0.6 313.0 313.0 50 883	1750 6 36
Aug 18.04 +0.05 18.15 17.90 7,657 39,130 Sep 18.12 +0.07 18.20 18.00 5,942 70,233	SOYABEAN MEAL CET (100 tons; \$/ton)	Total 4,753 28,226 E SUGAR "11" CSCE (112,000lbs; certs/bs)	1800 5 62 5 58 1850 5 45 -
	Jul 2642 +3.4 264.0 256.0 2,128 6,515	44 00 -0.00 11 18 14 00 C 0077 DO BOD	
	Ang 2455 +1.8 248.5 238.7 9,729 24,411	Oct 11.09 +0.03 11.18 11.08 8,297 92,889	LONDON SPOT MARKETS
Nov 18.48 +0.16 18.42 18.31 755 10,415 Dec 18.52 +0.09 18.52 18.44 247 15,846	Sep 221.5 +0.1 223.0 218.0 3,259 16,900 Oct 203.0 +0.8 203.8 200.5 1,830 14,197	New 11.25 +0.01 11.31 11.23 2.358 42.312	LONDON SPOT MARKETS CRUDE OIL FOR (per berret) +07-
18.45 +0.16 18.42 18.31 775 10.415 10.415	Sep 221.5 +0.1 223.0 218.0 3,259 16,900 Oct 203.0 +0.8 203.8 200.5 1,830 14,197 Dea 194.7 +0.4 195.5 182.0 4,862 36,372 Jan 192.1 -0.8 183.7 191.0 526 4,391	Mar 11.25 +0.01 11.31 11.23 2.358 42.312 May 11.14 +0.01 11.19 11.12 404 10.157 Jul 11.07 - 11.12 11.07 134 4.587 Oct 11.02 +0.04 11.04 11.00 298 1.853	■ CRUDE OIL FOB (per berrel) +or- Dubel \$16.81-6.95 +0.03
Richard Rev. Rev.	Sep 221.5 +0.1 223.0 218.6 3,259 16,900 Cet 203.0 +0.8 203.8 200.5 1,830 14,197 Dec 194.7 +0.4 195.5 192.0 4,862 26,391 7,01a1 192.1 -0.8 193.7 191.0 526 4,391 7,01a1	Mar 11.25 +0.01 11.31 11.23 2.358 42.312 May 11.14 +0.01 11.19 11.12 404 10.157 Jul 11.07 — 11.12 11.01 134 4.587 Oct 11.02 +0.04 11.04 11.00 298 1.853 Mar 10.95 +0.04 11.00 11.00 23 710 Total	CRUDE OIL FOB (per berret) +or-
18.45 +0.76 18.42 18.31 775 10,415	Sep 221.5 +0.1 223.0 218.0 3,259 16,900 Oct 203.0 +0.8 203.8 200.5 1,830 14,197 Dea 194.7 +0.4 195.5 192.0 4,862 36,372 Jan 192.1 -0.8 193.7 191.0 525 4,391 7,01a1 22,823 113,890 BE POTATOES LETE (20 towness E per tonne)	Mar 11.25 +0.01 11.31 11.23 2.358 42.312 they 11.14 +0.01 11.19 11.12 404 10.157 Jul 11.07 − 11.12 11.07 134 4.587 Oct 11.02 +0.04 11.04 11.00 298 1.853 Mar 10.95 +0.04 11.00 11.00 23 710 Total 9,514 152,538 ■ COTTON NYCE (50,00080±; cents/los)	CRUDE OIL FOB (per berret) +or- Dubel \$16.81-6.95 +0.03 Brent Blend (dated) \$17.99-8.00 -0.08
18.45 +0.16 18.42 18.31 775 10.415	Sep 221.5	Mar 11.25 +0.01 11.31 11.23 2.358 42.312 May 11.14 +0.01 11.19 11.12 404 10.157 Jul 11.07 -0.11.12 11.07 134 4.587 Oct 11.02 +0.04 11.04 11.00 296 1.853 Mar 10.95 +0.04 11.00 11.00 23 710 Total B COTTON NYCE (50,000/bc; cents/bbs) Oct 73.80 -0.34 74.20 73.25 5.966 43.111	Dubel Stend (dated) \$16.81-8.95 +0.03 Brent Blend (dated) \$17.99-8.00 -0.08 Brent Blend (Aug) \$18.04-8.06 +0.07 W.T.L \$19.32-9.36w +0.075
Right 18.44 +0.16 18.42 18.31 775 10.415	Sep 221.5	Mar	CRUDE Oil FOB (per berret) +or-
18.45 +0.16 18.42 18.31 775 10.415	Sep 221.5 +0.1 223.0 218.0 3.259 16,000 Oct 203.0 +0.8 203.5 200.5 1830 14,197 Dea 194.7 +0.4 195.5 182.0 4,862 36,372 Jan 192.1 -0.8 183.7 191.0 526 4,391 Zama 113.698 B. POTATOES LETE (20 tormes: E per tonne) Nov 37.5 -	Mar	CRUDE OIL FOB (per berret) +or-
18.46 + 40.16 18.42 18.31 775 10.415	Sep 221.5	Mar	CRUDE OIL FOB (per berret) +or-
Right Ref Re	Sep 221.5	Mar	CRUDE OIL FOB (per berret) +or-
18.45 +0.16 18.42 18.31 775 10.415	Sep 221.5	Mer 11.25 +0.01 11.81 11.23 2.356 42.312 18hy 11.14 +0.01 11.19 11.12 404 10.157 Jul 11.07 - 11.12 11.07 134 404 10.157 Jul 11.07 - 11.12 11.07 134 405 10.157 Jul 11.02 +0.04 11.04 11.00 298 1.853 Mar 10.95 +0.04 11.00 11.00 298 1.853 Mar 10.95 +0.04 11.00 11.00 23 1.853 Mar 10.95 +0.04 11.00 11.00 23 1.853 Mar 10.95 +0.04 11.00 10.0 12.3 10.0 12.5 10.0	CRUDE OIL FOB (per berret) +or-
Bot 18.45 +0.16 18.42 18.31 775 10.415	Sep 221.5	Mar	CRUDE OIL FOB (per berrel) +or-
18.45 + 4.16 18.42 18.31 775 10.415	Sep 221.5	Mar	CRUDE OIL FOB (per berrel) +or-
18.45 + 4.15 18.42 18.31 775 10.415	Sep 221.5	Mar	CRUDE OIL FOB (per berrel) +or-
Box	Sep 221.5	Mar	CRUDE Oil FOB (per berrel) +or-
Box 18.46 + 40.16 18.42 18.31 7.55 10.415	Sep 221.5 +4.1 222.0 218.6 2.259 16.000 Oct 200.0 +0.8 201.8 200.5 1.830 14.197 Deo 194.7 +0.4 195.5 192.0 4.662 36.372 Jan 192.1 -0.8 193.7 191.0 526 4.597 / rotal E POTATOES LETE (20 torness E per torne) kiny 37.5 9 Jan 57.0 -2.5 9 Jan 57.0 -2.5 2 Jan 87.0 -2.5 2 Jan 87.0 -2.5 77 1.002 Jan 87.0 -2.5 77 1.002 Jan 87.0 -2.5 77 1.002 Jan 87.0 -2.5 10.00 Jan 97.0 Jan 130.5 - 5 1340 1328 26 1.196 Jan 1305 - 5 1340 1328 26 1.196 Jan 1305 - 6 1317 1310 13 196 Jan 1305 - 6 1317 1310 13 196 Jan 1420 -10 1420 1410 108 1.095 Jan 1420 -10 1420 1410 108 1.095 Jan 1420 -10 1420 1410 108 1.095 Jan 1420 -10 108 1.095 Jan 1420 -10 1420 1410 108 1.095 Jan 1420 -10 108 1.095 Jan 1420 1410 108 1.095 Jan 1420 1420 1420 1420 1420 1420 1420 1420	Mar	CRUDE CIL FOB (per berret) +or-
Box 18.44 + 4.16 18.42 18.31 725 10.415	Sep 221.5 +4.1 222.0 218.6 2.259 16.000 cet 203.0 +0.8 203.8 200.5 1.830 14.197 Deo 194.7 +0.4 195.5 192.0 4.662 36.372 Jan 192.1 -0.8 193.7 191.0 526 4.597 7stal 22,831 113.669 BE POTATOES LETE (20 tormes: E per torme) libry 37.5 9 Jan 57.0 -2.5 2 Jan 87.0 -2.5 1 Total 27.0 1335 -5 1340 1328 26 1,198 Jan 1260 -15 1260 133 196 Get 1415 -10 1420 1410 108 1,995 Jan 1420 -10 - 152 Total Claus Priv BR 1371 1387	Mer 11.25 +0.01 11.81 11.22 2.356 42.312 they 11.14 +0.01 11.00 11.00 12.57 they 11.14 +0.01 11.00 11.00 296 1.853 ther 10.95 +0.04 11.04 11.00 296 1.853 ther 10.95 +0.04 11.00 11.00 297 1.853 ther 10.95 +0.04 11.00 11.00 298 1.853 there 10.95 +0.04 11.00 11.00 298 1.853 there 10.95 +0.05 76.00 11.00 298 1.853 there 10.95 +0.05 76.00 75.40 17.70 12.204 there 10.95 +0.05 76.00 75.40 15 1.102 there 10.95 +0.05 75.00 74.00 12 249 15.00 there 10.95 +0.05 75.00 74.00 13.94 19.984 there 77.95 +0.15 75.00 76.00 172 249 18.00 77.95 +0.15 75.00 76.00 172 249 18.00 77.95 +0.15 76.00 78.75 77.50 251 0.531 Jun 20.80 +0.30 81.50 80.70 51 0.531 Total	CRUDE Oil FOB (per berrel) +or-
Bion	Sepi 221.5 +4.1 222.0 218.6 2.259 16,000 Oct 200.0 +0.8 201.8 200.5 1,830 14,197 Deo 194.7 +0.4 195.5 192.0 4,862 36,372 Jan 192.1 -0.8 193.7 191.0 526 4,597 7 stal 22,831 13,869 BE POTATOES LETE (20 tormes: E per torme) libry 37.5 9 Mar 57.0 -2.5 2 Jan 87.0 -2.5 77 1,002 May 77.0 -2.5 2 Jan 87.0 -2.5 77 1,002 May 77.0 -2.5 2 Jan 87.0 -2.5 10 Jan 196 Jan 1250 -15 1250 1250 33 592 Sap 1305 -6 1377 1370 13 196 Oct 1415 -10 1420 1410 108 1,095 Jan 1420 Jan 1420 -10 1420 Jan 142	Marr	Dubel S16.81-8.95 +0.03
Box 18.45 +0.16 18.42 18.31 7.55 10.415	Sep 221.5	Marr	Dubel S16.81-6.95 +0.03
Box	Sep 221.5	Marr	Dubel S16.81-8.95 -0.03
Box 18.46	Sepi	Marr	CRUDE CIL FOB (per berrel) +or-
Box 18.44 + 4.16 18.42 18.31 7.55 10.415	Sep 27.5 +4.1 22.0 218.6 2.259 16,000 det 200.0 +0.8 200.8 200.5 1,830 14,197 beo 194.7 +0.4 195.5 192.0 4,862 36,372 Jan 192.1 -0.8 193.7 191.0 525 4,597 7stal 22,83113,969 BP POTATOES LETE (20 tormes: £ per torme) libry 37.5 9 Mar 57.0 -2.5 2 Jan 87.0 -2.5 10 Jan 192.0 Jan 193.5 - 1340 1328 26 1,196 Jan 1935 - 1340 1328 26 1,196 Jan 1935 - 1340 1328 26 1,196 Jan 1935 - 137 1370 13 196 Jan 1935 - 137 1370 13 196 Jan 1420 - 10 1420 1410 108 1,095 Jan 1420 - 10 1420 1410 108 1,095 Jan 1420 - 10 1420 1410 108 1,095 Jan 1471 1387 FUTURES DATA All futures chair supplied by CAS. Spices Black pepper prices continued to rise because of the depletion of stocks in producing countries and improving demand, Man Production countries and improving demand in the US mertet, of about \$5,400 Art FOT.	Marr	CRUDE Oil FOB (per berret)
Box	Sepi	Marr	CRUDE CIL FOB (per berrel) +or-
Box	Sepi	Marr	Dubel S16.81-8.95 -0.03
Box	Seg 27.5 +4.1 22.0 218.6 2.259 16,000 det 200.0 +0.8 200.8 200.5 1,830 14,197 beo 194.7 +0.4 195.5 192.0 4,662 36,372 Jan 192.1 -0.8 193.7 191.0 526 4,597 7stal B POTATOES LETE (20 tormes: E per torme) liby 37.5 9 Mar 57.0 -2.5 2 Jan 87.0 -2.5 65.5 65.0 77 1,002 May 77.0 -2.5 2 Jan 87.0 -2.5 65.5 65.0 77 1,002 May 77.0 -2.5 2 Jan 87.0 -2.5 65.5 65.0 77 1,002 May 77.0 -2.5 2 Jan 87.0 -2.5 65.5 65.0 77 1,002 May 77.0 -2.5 65.5 65.0 77 1,002 Jan 1200 15.0 Jan 1200 15.0 Jan 1200 15.0 Jan 1200 2 Jan 1200 2 Jan 1200	Marr	CRUDE CIL FOB (per berret)
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Data boost Treasuries

MARKETS REPORT By John Labate in New York and Vincent Boland in London

WORLD BOND PRICES

US Treasury prices afternoon trading after th strengthened in morning Bank of England said then trading following the release of record-breaking data on 10-year gilts in the thir producer prices. By early afternoon the henchmark 30year Treasury bond rose 13 to 101 2, sending the yield down to 6.526 per cent. The of the yield curve. The Ser two-year note was tember futures contract of unchanged at 100½, to yield the henchmark long gill 5.879 per cent. The 10-year surged % to settle at 1142. Treasury bond gained at 102%, yielding 6.220 per cent. week's star performer

goods in the mining and recovered their momentum manufacturing sectors, as the consensus hardene declined by 0.1 per cent in that Italy would be part of June, making six consecuthe single currency firstive months of declines and wave. setting a record for the longest string of declines in the unlikely to meet the strict 50-year history of the index. per cent budget deficit limit The core producer price figure, excluding the volatile less likely that we will see energy and food sectors, rose flexible interpretation of the by a slight 0.1 per cent in [convergence] criteria," said June. In May the PPI had Mr Stephen Hannah, head o fallen 0.3 per cent.

the pipeline for at least the ber futures contract settle next six months," said Ms up 54 basis points in London Marilyn Schaja at Donald- at 136.78, with the spread son, Lufkin & Jenrette in over benchmark 10-year New York. For the year to bunds narrowing five points date, the overall PPI has to 90 points.
declined 3.4 per cent. GERMAN BUNDS were declined 3.4 per cent.

Retail sales figures will be quieter as the marke released on July 15, a date digested the 1998 budge that traders are eagerly numbers and pondered awaiting for signs of con- whether the government

sumer price activity. European and US bond and still make the 3 per cen markets ended the week in Emu criteria. The bench huoyant mood yesterday. mark September futures con Some positive inflation figures and reassuring comments from the Bank of high end of the day's trading France on French hopes of range.

meeting the criteria for Emu FRENCH BONDS reversed combined with relatively earlier losses after Bank of benign US producer price France governor Mr Jean-data to underpin tha Claude Trichet was upbeat

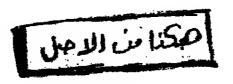
advance to touch DM3 ser investors into the long en ITALIAN BTPs, thi hefore giving up some o The producer prices index, before giving up some of which measures finished their gains on Thursday

With Germany and Franc "it is more likely rather than research at IBJ Internationa "There's no inflation in in London. The BTP Septem

on the hudget outcome. The Mr Sanjay Joshi, chief September bond futures conbond economist at Daiwa tract settled in Paris at Europe in London, said the 130.58, up 14 basis points.

+0.10 82.10c 81.40c 78,15c -3 434p 448p 387p	1 year 272.65 456.25 Dec 55.00 +0.20 55.10 54.80
-8.5 \$19.26 \$24.95 \$16.95	Gold Coins \$ price £ equiv. Jan 55.50 +0.90 55.50 55.10 Krugerrand 320-322 189-191 Total
s c Corts Ib. x Aug.	Maple Led -
	New Sovereign 75-78 44-46
	BENCHMARK GOVERNMENT BONDS
	Red Day's Week Month:
oost	Coupon Date Price change Yield ago ago
MOSL	Australia 10,000 10/07 124.2637 -0.430 6.80 6.81 7.35 S
	Austria 5.750 04/07 100.3200 +0.180 5.70 5.77 5.85 n
_	Belgium 6.250 03/07 104.6100 +0.220 5.62 5.68 5.92 Canada 7.250 06/07 109.5900 +0.050 5.96 6.06 6.51
	Denmark 7.000 08/07 106.9200 +0.410 6.07 6.19 6.29 9
iries	France BTAN 4.750 03/02 101.3282 +0.170 4.43 4.50 4.70 P
	OAT 5.500 0407 100.7400 +0.300 5.40 5.54 5.73
	Germany Bund 6.000 07/07 103.4800 +0.360 5.54 5.61 5.84 instand 8.000 08/06 110.9700 +0.260 0.37 6.42 6.63
round of good accuratio had	ltery 8.750 02/07 102.7500 +0.400 6.967 6.53 7.07
round of good economic ind	16,1 25,1 15,1 15,000 0000 110000 15,01 1500 1501
cators helped create a gener	
ally positive tone tha	Portugal 9.500 92/96 121.3000 -0.300 6.22 6.20 8.63
should continue into earl	- Spein 7.350 05/07 106.2800 +0.370 6.17 6.26 6.55
next week. GILT prices surged in	Sweden 8.000 08/07 111.2975 +0.310 6.44 6.47 8.95 n UK Gats 7.000 06/02 98-20 +11/32 7.09 7.10 6.96 s.
afternoon trading after th	7.250 12/07 101-24 +18/32 7.01 7.02 7.09
Bank of England said ther	3.000 1000 113-02 Y2002 7.00 7.10 7.10
would be no new auctions of	
10-year gilts in the third	SCHEENE COM 7000 0408 108 8000 -0.100 E31 E-
quarter.	LONGON Closing, "New York mid-day Yelds: Local granted standard 4.9
Sterling's relentles	† Gross (including withholding tax at 12.8 per cent payable by representation) 5 Prices: US, UK in 32nds, others in decimal Source: Standard & Poor's Miles.
advance to touch DM3 sen	2
investors into the long en	d US INTEREST RATES 4
of the yield curve. The Sen	
tember futures contract of	One month Two was 5on Yi
the henchmark long gil	Printe rate 612 They smooth Three year 6.01 -
surged % to settle at 1145.	Fed. Summer 57 Sk month 5.31 10-year 6.22 15
ITALIAN BTPs, this	6
week's star performer	BOND FUTURES AND OPTIONS
hefore giving up some o	f France
their gains on Thursday	and the same of th
recovered their momentum	Chan Satt sales Change Link Law Size A. A.
as the consensus hardened	d Sep 130.50 130.58 +0.14 130.68 130.38 8.904 211.505
that Italy would be part o	of Dec 99.12 99.26 +0.14 88.28 59.12 659 3.945
the single currency firs	t Mer 96.52 96.65 +0.14 98.52 98.52 2 E LONG TERM FRENCH BOND OPTIONS (MATIF)
wave.	
With Germany and France	
unlikely to meet the strict :	
per cent budget deficit limit	128 4.72 4.72 0.08 - 127 3.72 3.78 - 0.02 0.15 -
"it is more likely rather than	
less likely that we will see a	g 129 1.79 1.99 - 0.23 0.53 -
flexible interpretation of the	130 0.95 1.24 - 0.65 6.96 -
(convergence) criteria," said	Est. vol. total, Callo 20,285 Puts 19,776. Previous day's open int., Calls 90,413 Puts 191,089.
Mr Stephen Hannah, head of	(Germany
research at IBJ International	B NOTIONAL GERMAN BUND FUTURES (LIFFE) DM250,000 100ths of 100%
in London. The BTP Septem	
ber futures contract settled	Sep 102.81 102.99 +0.28 103.10 102.67 159293 285888 783
up 54 basis points in London	Dec 101.93 102.06 +0.28 102.04 101.80 3550 8973 Tre
at 136.78, with the spread	. III FOND FOTURES OPTIONS (LETE UN2SOLID) comb of 100%
over benchmark 10-year	Strike CALLS PUTS Puts Puts
bunds narrowing five points	Price Aug Sep Cox Dec Aug Sep Cox Dec es
to 90 points.	10209 0.04 0.00 0.71 1.00 0.10 0.44 1.15 1.50 7 ₀₀
GERMAN BUNDS were	10300 0.32 0.54 0.51 0.85 0.33 0.65 1.45 1.79 Co
quieter as the market	
digested the 1998 budget	
numbers and pondered	THE REPORT OF THE PROPERTY OF
whether the government	8 (FFFFF Lina 200m 100sta of 100%
could run up a hig deficit	Annua Cutturina Channa High Low Sat and Chan Sa Con
and still make the 3 per cent	TIES - 100 70 -0 40 100 100 100 100 100 100 100 100 100
Emu criteria. The bencb-	Dec 108.50 108.83 +0.54 108.70 108.50 220 1921
mark September futures con-	III ITALIAN BOYT. BOND (STP) FUTURES OPTIONS (LIFT) Lie200m 100th of 100%
tract settled in London np 18	
basis points at 102.99, at the	Strike CALLS Dec Sep Dec
high end of the day's trading	Fried day but but
range.	8000 25.53 U G
FRENCH BONDS reversed	27.83 · 0 [m
earlier losses after Bank of	
France governor Mr Jean-	•
	ine.
Claude Trichet was unbeat	Spain
Claude Trichet was upbeat on the hudget outcome. The	Spain I NOTIONAL SPANISH BOND FUTURES (MET) Total
on the hudget outcome. The	Spain INCTIONAL SPANISH BOND FUTURES (METT) Open Sett price Change High Low Est vol. Open Int.
on the hudget outcome. The September bond futures con-	Spain NOTIONAL SPANISH BOND FUTURES (MET) Open Sett price Change High Low Est vol. Open Int. 182
on the hudget outcome. The	Spain I NOTIONAL SPANISH BOND FUTURES (MEFF) Open Sett price Change High Low Est vol. Open Int.

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UK										US										
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Strike	_		- CAL					PUTS -		-										
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4 irredet		212	22	0.84	211.	47	2.89	7.34	ı	• /		- 1.4	104		4.13	196.	i.on	1.38	3.4	40
			40	w coupe	on yield -			-	M	odken co	upon y	rield					lieh co			
Yields	<u>Ju</u>			Yr ago	High		Low	Jul 11	Jul 10	Yr ago	Hig	<u> </u>	Low		Jul 11	Jul 10	Yr ago	Ho	h	Low
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20 yrs	7.	00	7.07 7.14	6.24	8.26 30 8.30 30	/4 B	.96 2/7 .06 4/7	6.99	7.05	8.22	8.25		8.96		7.10	7.1 0 7.15	8.23 8.30	8.29 3		.04 14/5 .05 14/5
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CURRENCIES MONEY AND

Pound at DM3

MARKETS REPORT By Simon Kuper

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The pound hit DM3.00 to the D-Mark yesterday for the first time since October 1990, as the German currency tumbled across the board.

The dollar also touched D-Mark while the lira climbeo L6.4 to L970.3 against the German currency.

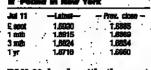
Also yesterday, the Philippine central bank followed Thailand by allowing its currency to fall. The peso, under attack from speculators all week, plunged from 26.4 against the dollar to a four-year low of 29.45 before the Bankers Association of DM3.00 level, with the next the Philippines suspended trading in the currency. Other emerging markets cur-

- Ju 11

POUND SPOT FORWARD AGAINST

days ago.

The pound rose 42 pfennigs as the market decided that the UK would have to raise base rates again soon. following Thursday's rate increase of 25 basis points to 6.75 per cent. Sterling had initially slipped on the increase, as some in the marsix-year highs against the ket had expected a sharper tightening. Late yesterday the pound was at DM2.9981. Forex strategists said the pound was meeting only modest resistance at the



serious resistance at DM3.05. The presentation of ths German supplementary budrendes, ranging from the get for 1997 and budget for likely to have very similar Malaysian ringgit to the Polisb zloty, remained under ket of its doubts over Gerend of this year. The marpressure from the fallout many's chances of meeting ket believes that an Emu fron the Thai devaluation 10 the budget deficit criterion

(Sch) 21.0985 +0.3036 887 - 082 21.1118 20.7943 21.0441 (SF1) 61.9038 +0.895 552 - 523, 61.9630 60.9610 61.7238 (DKr) 11.4105 +0.1574 121 - 209 11.4327 11.2514 11.395 (F46) 8.8848 +0.0069 785 - 911 8.8920 8.7760 8.8866 (FF1) 10.1233 +0.1349 220 - 285 10.1315 9.9899 10.0023 (DR) 2.9867 +0.0632 974 - 0.00 8.0031 2.9527 2.9663 (DR) 471.048 +5.086 618 - 278 471.488 465.938 472.831 - (E) 1.1171 +0.0115 161 - 181 1.1189 1.1040 1.1165 (L) 2.900.71 +22.98 782 - 150 2017.82 2881.14 2.909.79 (FF1) 61.9038 +0.082 743 - 769 3.3768 3.3270 3.3954 (NKC) 12.5291 +0.154 210 - 371 12.5911 2.3766 12.4966 (SK) 13.1524 +0.1174 229 - 418 13.1725 13.0085 13.1040 (SF1) 2.4738 +0.0263 723 - 752 2.4772 2.4419 2.4629 (SF1) 2.4738 +0.0263 723 - 752 2.4772 2.4419 2.4629 (SF1) 2.4738 +0.0263 723 - 752 2.4772 2.4419 2.4629 (SF1) 2.4738 +0.0263 723 - 752 2.4772 2.4419 2.4629 (SF1) 2.4738 +0.0263 723 - 752 2.4772 2.4419 2.4629 (SF1) 2.4738 +0.0263 723 - 752 2.4772 2.4419 2.4629 (SF1) 2.4738 +0.0263 723 - 752 2.4772 2.4419 2.4629 (SF1) 2.4738 +0.0263 723 - 752 2.4772 2.4419 2.4629 (SF1) 2.4738 +0.0263 723 - 752 2.4772 2.4419 2.4629 (SF1) 2.4738 +0.0263 723 - 752 2.4772 2.4419 2.4629 (SF1) 2.4738 +0.0263 723 - 752 2.4772 2.4419 2.4629 (SF1) 2.4738 +0.0263 723 - 752 2.4772 2.4419 2.4629 (SF1) 2.4738 +0.0263 723 - 752 2.4772 2.4419 2.4629 (SF1) 2.4738 +0.0263 723 - 752 2.4772 2.4419 2.4629 (SF1) 2.4738 +0.0263 723 - 752 2.4772 2.4419 2.4629 (SF1) 2.4738 +0.0263 723 - 752 2.4772 2.4419 2.4629 (SF1) 2.4738 +0.0263 723 - 752 2.4772 2.4419 2.4629 (SF1) 2.4738 +0.0263 723 - 752 2.4772 2.4419 2.4629 (SF1) 2.4728 - 752 2.4772 2.4772 2.4419 2.4629 (SF1) 2.4728 - 752 2.4772 2.4772 2.4629 (SF1) 2.4728 - 752 2.4772

1.5218 +0.0183 207 - 224

1,6939 +0.0064 934 - 943

+0.0088 297 - 308 +0.0038 211 - 230 -0.0302 876 - 125 +0.0068 942 - 950

+0.0226 354 - 363 +0.0287 069 - 156 +7.82 445 - 194 +0.2769 343 - 244 +1.702 954 - 585

16.36 4.844 8.869 2.627 10 2.662 3.376 1 9.064 2.684

0.348 3.000 8.081 3.349 4.004 7.710 4.093 10.13 4.360 5.975 5.257 8.655

 Open
 Letter
 Change
 High
 Low
 Ext. vol Open int.

 0.5735
 0.5692
 -0.0042
 0.5742
 0.5982
 32,160
 105,001

 0.5763
 0.5732
 -0.0040
 0.5783
 0.5730
 214
 1,131

 0.5770
 -0.0040
 0.5770
 123
 346

 0.6953
 0.6916
 -0.0035
 0.6960
 0.6910
 22,916
 47,395

 0.7016
 0.6982
 -0.0033
 0.7015
 0.6990
 170
 1,148

 0.7070
 -0.0031
 0.7070
 500
 568

CROSS RATES AND DERIVATIVES

BFr DKr FFr

18:44 :10 11.28

3.807

3.382 6.112 3.776 4.514 8.893 4.615 11.42 4.916 6.737 5.928 7.504

EXCHANGE CROSS RATES

54.22 61.14 20.64 .55.42

2.127

2.127 18.34 48.41 20.48 47.14 25.02 61.90 26.66 36.58 32.14 40.69

E D-MARK PUTURES (IMM) DM 125,000 per DM

E SWISS FRANC FUTURES (MM) SFr 125,000 per SFr

Over- 7 days One night notice month

Certs of Text dap. (£100,000) b 2³pc 5²2 5 5 5

Certs of Tax dap, (£100,000) b 2³pc 5³5 5

Certs of Tax dap, under £100,000 b 2³pc 5³5 5

Certs of Tax dap, under £100,000 b 2³pc 5³5 5

Ass. tender rate of discount on Jul 11 , 8,5951pc. ECGD 5ecd axed set 5tg: Export Finant up day Jun 30, 1997. Agreed cate for period Jul 28, 1997 to Aug 25, 1997, Scheme 19

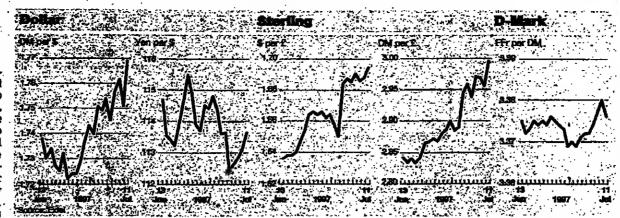
Reference nater for period May 31, 1997 to Jun 30, 1997, Bicheme N & V-8,736pc. Fig.

UK INTEREST RATES LONDON MONEY RATES

(Peso) (PS) (CS) v Peso) (S)

New Zealand Philippines Saudi Arabia

Parte %PA



for European monetary union. Most believe the German deficit for 1997 will be above 3.0 per cent of gross domestic product. That could make it hard for Germany to exclude countries such as Italy and Spain from

3.6 59,6038
3.6 11,0295
3.5 8,5943
3.8 9,7588
3.8 2,8334
-3.7 43,823
0.7 1,1043
0.0 2907,18
3.5 59,6038
3.7 3,2485
3.0 12,1665
0.8 297,543
1.7 247,459
2.6 12,7899
5.4 2,3401

0.4 2.2665 0.6 0.2 13.0644 0.5 -3.9 62,7813 -3.8

6.3 180.57 6.2 -1.2 4.2754 -0.7 -0.1 2.536 -0.3 -3.2 52.3045 -2.9 0.8 6.3072 0.8 2.4 2.374 2.6

0.5 47.0254

 4700
 5.488
 20.24
 486.4
 406.5
 21.21
 3.996
 1.615
 8.751

 2549
 2.957
 10.97
 264.8
 221.5
 11.50
 2.167
 8.876
 2.034

 2874
 3.334
 42.37
 296.6
 249.8
 12.97
 2.43
 0.986
 2.293

 970.3
 1.126
 -4.176
 100.8
 84.33
 4.379
 0.825
 0.338
 0.774

 2605
 3.022
 11.22
 270.6
 226.4
 11.76
 2.215
 0.885
 2.079

8.691 0.451 74.92 3.890 201.8 10.48 83.65 4.344 100 5.193 192.6 10 102.2 5.309 252.9 13.13 108.9 5.655 149.2 7.750 131.3 6.819 168.2 8.832

0.733 1.974 0.818 0.976 1.884 1 2.474 1.065 1.460 1.284 1.626

E JAPANISSE YEN PUTURIES (IMM) Yen 12.5m per Yen 100

2 1.6928 +0.0080 1.6960 1.6870 +0.0080 1.6900 1.6810 +0.0078 1.6840

E SHORT STEPLENG OPTIONS (LIFFE) 9500,000 points of 100%

Dec 0.11

+0.03 92.85 +0.06 92.65 +0.07 92.54 +0.09 92.54 +0.10 92.56

0.16

Open Litest Change High 0.8822 0.8867 -0.0055 0.8933 0.8968 0.8962 -0.0046 0.8994 0.9158

E STERLING PUTURES (IMM) 262,500 per £

92.88 92.65 92.54 92.54 82.56

1.6852

92.84 92.60 92.49 92.49 92.48

0.296 0.798 0.331 0.395 0.761 0.404 1 0.481 0.590 0.519

20.9314 61.3536 11.321 8.807 10.0953 2.8703 475.455 1.1152

2908.75 61.3538 3.3445 12.4956 301.631 251.829 13.0464 2.4403

1.5111

23018 3.5

3.1 3.5 3.4 3.9 3.7 4.5

0.5 0.0 3.5 3.6 3.1 0.8 1.5 2.5

5.3 2.6

1.5183

2.3152 1.693

51,4980 47,5170, 51,5136 -7,9 51,9752

0.118 1 2.694 1.117 1.336 2.570 1.365 3.376 1.454 1.892 1.753

0.431 10.39 10.241.3 4.144 100 4.954 119.5 9.541 230.2 5.085 122.2 12.53 302.3 5.398 130.2 7.394 178.4 6.505 157.0 8.235 198.7

Sep Dec Mar

Sep Dec Mar

Sep Dec Mar Jun Sep

Strike . Price 9275 9300 9325 Est. vol. 1

& FOREX

PRIVATE CLIENTS WELCOME

434

1.5011

2.3173 13.2767 1.6670

1.6983 1.6968 1.8335 1.8208 2.3309 2.3173 13.3629 13.2767

1.805 0.978 1.103 0.373

2.634 1
0.103 0.058
0.888 0.331
2.389 0.882
0.982 0.370
1.186 0.442
2.293 0.851
1.212 0.452
2.999 1.117
1.297 0.481
1.770 0.669
1.557 0.580
1.871 0.734

weak euro.

against the yen to Y113.7. J.P. Morgan in Europe, said: repo rate, absorption rate "Italy and Germany are and emergancy lending rate by 30 basis points each to 5.7 onshore bahr, which stood at per cent, 5.4 per cent and 7.4 per cent respectively. The devaluation, yesterday escudo firmed to Es100.8 involving a broad range of against the D-Mark.

12,4504 +0,1289 479 - 532
36,5300 +0,0857 380 - 380
5,2430 +0,0857 380 - 380
5,2430 +0,085 7 380 - 380
5,2430 +0,085 7 380 - 380
1,896 +0,0356 745 - 555
1,7896 +0,0184 682 - 699
277,970 +2,24 900 - 040
1,5170 -0,0098 180 - 180
1,717,05 +6,6 540 - 770
38,5300 -0,375 100 - 500
1,8920 +0,0204 917 - 923
7,3495 +0,061 905 - 950
149,235 +1,315 220 - 250
7,7496 +0,0579 458 - 533
1,8946 +0,0069 942 - 950
1,1138 -0,0089 134 - 141
0,71918

0.9996 -0.0003 995 - 996 1.0901 +0.0008 800 - 801 1.3703 -0.0034 700 - 705 7.8485 -0.05 450 - 540

1.5170 1717.05 38.6300 1.9920 7.3935 178.400 149.235 7.7496 1.4596 1.1138

(Peso) (PS) (CS) w Peso) (S)

2.737 1.484 1.874 0.565 1.517

0.502 1,353 0.561 0.670 1,290 0.685 1,695 0.730 1

0,688 1,853 0,768 0,916 1,768 0,939 2,322 1 1,370 1,206

٠.

92.83 92.80 52.48 92.48 92.48

0.06 0.18 0.39

38 DOVER STREET, LONDON WIX 5RB TEL: 0171 629 1133 FAX: 0171 495 0022

311.1 168.7 190.2 64.23 172.4

57.96 153.7 63.71 76.16 146.7 77.86 192.6 82.94 113.7 100 126.6

Low Est. vol Open int. 0.8850 9,869 57,151 0.6862 82 988 0.9169 1 108

6,797

0.21 0.38 0.60

881

136394 103388

2,458 1,333 1,508 0,507 1,362

0.052 0.451 1.214 0.508 0.602 1.159 0.615 1.521 0.655 0.898 0.790

Finland Italy : Portugal Ireland

Strike Price 1.680 1.690 1.700

Adam & Company

Banco Bilbao Vize

Bank of Cyprus Bank of Ireland

Allied Irish Bank (GB) 6.75 **GHenry Anabacher**

Ciliberik NA
Clydectole Bank 6.75
The Co-operative Banks.75
A Co 6.75

Bank of Cyprus 6.75
Benk of Ireland 5.75
Benk of India 6.75
Bank of Scotland 6.75
Bank of Scotland 6.75
Bank of Scotland 6.75
Bit Ek of Mid East 5.50
Glown Snighty & Co Lid 6.75
Citber's NA 6.50
Clydesdele Bank 6.75
The Co-oparative Bank 6.75
Coutts & Co 6.75
C

DOLLAR SPOT

Europe Austria Beiglum Denmark France Germany Greece Indand Itusembx Netway Portugal Spain Swatzent UK

Hong Kong India Israel Japan Malaysia New Zeeland Philipphes Saudi Arabia Singapore South Korea

100.8 95.4 92.4 76.6 84.7

110.1

countries would produce a
The Philippine peso's fall only raises the pressure on Emu trepidation lifted the Asian currencies. The Indodollar 1.9 prennigs against nesian central bank had to the D-Mark to DM1.770. The dollar also gained Y0.6 rupiah fluctuates against the dollar from 8 per cent to 12 Slovakia, the Czech Republic

> sian ringgit also fell. The lost another Bt0.885 to close at Bt30.20 against the dollar.

> > 12,4540 12,3170
> > 36,5540 96,1220
> > 6,7436 6,8995
> > 5,2455 5,2024
> > 5,9790 5,9189
> > 1,7700
> > 278,200 275,590
> > 1,5305 1,5150
> > 1720,000 1708,85

1,08.89 36.1220 1,9711 7,3307 176.850 147,900 7,7065 1,4475 1,6870

1.1130

0.9995

1,0793 1,3888 7,8420

1720.00 36,5540 1,9930 7,4240 178,900 149,550 7,7714 1,4617 1,6986 1,1245

0.9996

1.0905 1.3736

Mr Persaud said that speculators would also attack currencies outside Asia: "Investors are rooting out current account deficit countries, so that suggests that Poland,

1.5157 1725.25 35.81 1.9415 7.2389 177.14 147.84 7.6472 1.3983 1.672

Portugal took advantage of per cent, to allow the cur- and Peru will come under Emm. Mr Avinash Persaud. the weak D-Mark to cut rency to survive the new vol-head of currency research at interest rates. It reduced its atility. The baht and the Malay-chief economist at Bank of America in London, said that data from New Zealand showing e sharply rising current account deficit suggested that the Kiwi dol

12,3774 36,3035 6,701 5,2079 5,9396 1,758 261,32 1,5153 1721,83

1721.83 36.3035 1.9792 7.3506 178.31 149.015 7.7212 1.4438 1.6895 1.1184

1.3454 7.7477

1,495 3,7522

1.4325 4.6705

-0.2 3.7589

1.5 -10.5

Change % +/- from % spread

1.02 1.10 -7.76

2.57 2.61 2.69 2.69 2.79 3.45

pean Councipeion. Currenciae are in descending relative strength, a positive change descess a week currency. Divergence shows the large difference between the actual market and Ecu central rates to

1.47 0.86 0.82 0.74 0.74 0.65 0.00

-1.69 24.00

Sep 2.25 2.72 3.29

25 25 26 26 26 -55 0.8 -12 26 23 0.4 4.4 1.1 -1.8

5.2315 5.8694 1.7658 279.265 1.5162 1718.82 36.455 1.9877 7.3791 178.364 149.18 7.7405 1.4545 1.5693 1.1152

1.3459 0.2 7,7468 -0.1 35.8425 -4.6 113.14 5.4 2.5062 -2.2 1.4926 -0.6 3.7512 -0.2 1.4363 1.5 4.591 -10.7

1,4363 4,591 27,911 30,645

EMS EUROPEAN CURRENCY UNIT RATES

+0.00688 -1.71 +0.168 -0.000661

+0.01142 +0.0335 +0.0329 +0.0228 +0.0677 +0.00521

310.735 -0.009 5.24 0.661694 -0.005016 -16.57

BASE LENDING RATES

Rate .

5.88994 1925.90 199.561

7.53451 2.22698 1,97754 13,9135 40,8253 6.68173

PHILADELPHIA SE E/\$ OPTIONS £31,250 (cents per pound)

Aug 2.20

0.91

Ecu cen.

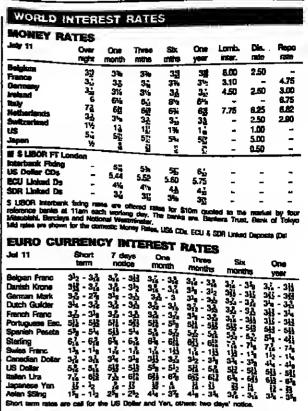
5.85424 1906.48

197,398

7.34656 2.16979 1.92573 13.5485 39,7191 6.45863

Exa period raise set by the European Convolucion. Currencies are Percentage changes are for Exa; a positive change planeton a weal between two apprecia: the percentage difference between the actu

NON ERM MEMBERS



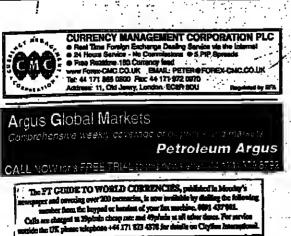
	Open	Sett price	Change	High	Low	Est. vol	Open int
Sep	88.55	96.55	+0.02	96.56	96.55	17,994	69,206
Dec	96.52	96.51	+0.01	95.53	96.50	4,651	35,480
Mar	95.47	96.46	+0.01	98.48	96.43	3,214	28,592
E THRE	E MONTE	I EUROMA	RK FUTU	RIGS (LIF	FE)* DM1n	n points of	100%
	Open	Sett price	Change	High	Low	Est vol	
Sep	96.83	96.84	-	96.84	96.83	5968	295680
Dec	96.75	96.74	-0.01	96.75	96.73	19926	263636
Mar	96.67	96.65	-0.01	96.68	95.64	21418	254047
Jun	96.52	96.52	•	96.54	96.50	24444	184074
E ONE		UROMARK					
Jul	Open	Sett price	Change +0.01	High	Low	Est. vol	Open int
Aug		96.89	+0.01			0	490
Sep		96.86	70.01			ŏ	3
Oct		96.85				ŏ	50
E THRE	E MONTH	EUROLIR	A FUTUR	ES (LIFFE)" L1000m	_	
	Open	Sett price	Change	High	Low	Est. vol	Open int
Sep	93.32	93.38	+0.07	93.41	93.30	19777	114850
Dec	83.74	93.78	+0.05	93.81	93.71	13657	90454
Mar	94.13	84.18	+0.08	94,18	94.09	6785	51328
Jun	94.42	94.45	+0.07	94.47	94.38	5083	39261
THREE	MONTH B	URO SWASS I	PRANC FU	रक्षां है।	FE) SFr1m	points of 10	0%
	Open	Sett price	_	High	Low	Est. vol	
Sep	98.56	98.62	+0.06	95.83	88.55	15943	64532
Dec	98,43	98,49	+0.07	98,48	98.41	8310	45331
Mer Jun	98.32 98.17	96.39 98.24	+0.07	95.37 98.25	99.32 98.16	1534 2232	17180
		EUROYEN				_	6550 0%
	Open	Sett price		High	Low		Open int
Sep		99.32	-0.01			0	n/a
Dec		99.18	-0.01			ŏ	n/a
Mar		99.02	-0.01			ŏ	n/a
	E MONTH	ECU FUT		FE) Eculo	n points o	-	
	Open	Sett price	Change	High	Low	Est, vol	Open int
Sep	95.79	95.80	+0.01	95.80	95.79	639	8761
Dec	95,79	95.79	+0.01	95.79	95.76	149	6436
Mar	95.B0	95.78	+0	95.80	95.77	202	4400
Jun	95,76	95.77	+0.01	95,77	95.74	43	3067
		ded on APT					

Sep		atest	Change	High	Low	Est. vol	Open Int
	94.23	94,22	-0.01	84.24	94.22	36,529	544,428
Dec	94.07	94,08	-0.01	94,09	94.06	53,316	446,632
Mar	. 94.02	94.01	-0.01	94.05	94.01	41,355	68,070
E US TRE	EASURY I	MLL FOT	UTTES (IMIN	¶ \$1m pe	r 100%		
Sep	94,90	94.89	-0.01	94,90	94.99	268	7,997
Dec	-	94.78	-	94.77	-	52	601
All Open Inte	erest figs. a	ne for previ	ous day				

Strike	******		CALLS -				urs —	
Price	Jul	Aug	Sep	Dec	Jul	Aug	Sop	Dec
9675	0.09	0.10	0.10	0.08	0	0.01	0.01	0.08
9700	0	0.01	0.01	0.03	0.16	0.17	0.17	0.28
9725	0	0	0	0	0.41	0.41	0,41	0.51
Price	5	ep -	Dec	Mar	Sep	1	Dec	Mar
Strike	5	en.	CALLS -	Mor	Sar		<u></u> — επ	Mor
9875		08	0.08	0.11	0.18		94	0.47
9900		01	0.03	0.05	0.36		.54	0.68
Est. vol. tr	col. Cafe C	Puts O.	Previous de	n's open	nt Calls :			
2 EURC	KIRA OP	TIONS	(LIFFE) L1	000m po	ints of 10	0%		
Strike			CALLS -			— Р	U15	
Price	8	ер	Dec	Mar	Sec		Dec	Mor
	•	-						

Strike		- CALLS -			- PUTS -	
Price	Sep	Dec	Mar	Sep	Dec	Mar
9325	0.23	0.62	1.00	0.10	0.98	0.09
9350	0.08	0.43	0.79	0.21	0.15	0.13
9375	0.03	0.27	0.60	0.40	0.24	0.18
E PHILAI	ELPHIA SE	D-MARK/S	ОРТЮН	5 DM62,500	(5 per DM)	
Strike		- CALLS -			- PUTS -	
Price	Jul	Aug	Sep	Jul	Aug	Sep
0.570	0.18	0.67	0.99	0.10	0.49	0.68
0.575	-	0.45	0.74	0.41	0.72	0.93
0.580	-	0.29	0.59	0.90	1.06	1.21
	S VOL, Calle 1,3					
Jul 11	2	5	F	T GUIDE to 1	WORLD CUR	PENCE
Czech Rp 56.9	082 - 57.0164 3 965 - 392 203 1	3.5800 - 33.63 90.040 - 190.0	90 ts	he FT Guide tole can be 1	bund on the	e Market
kram 5000 Kannalt 0.5	1.00 - 5082.80 3 122 - 9.5132	0.3023 - 0.303	8	aga in Mond	ay 2 01200	
kram 5000 Kannalt 0.5 Potand 5.6	.00 - 5082.00 3	0.3023 - 0.303 3.3290 - 3.335	8 L	age in Mond	ay 5 0.200	

6.75 38) 6.75 or 6.75 8.75 8.75 6.75 6.75	Eveler Berik Limited 7.75 Financial & Gen Berik 7.50 Probert Preming & Co6.75 GGuinness Markon 6.75 Habb Bank AG Zuide 6.75	TSB 6.75 United Bank of Kuwait. 6.75 Unity Trust Bank Ptc 6.50	Price 0.570 0.575 0.580 Previous 0
6.75 6.75 saya. 6.75 6.75 6.75	Financial 8. Gen Bank, 7.50 ORobert Fleming & Co8.75 OGuinness Mahon 8.75 Hebib Bank AG Zudob 8.75 OHambros Bank 8.75	Smith 6 Willman Secs 6.75 Sun Banking Cosp Ltd 6.75 TSB 6.75 United Bank of Kuwait. 6.75 Unity Trust Bank Pic 6.50	0.575 0.580 Previous 0
6.75 6.75 saya. 6.75 6.75 6.75	Financial 8. Gen Bank 7.50 PRobert Fleming & Co8.75 GGuinness Mahon 6.75 Hebib Bank AG Zuick 6.75 OHambros Bank 8.75	Sun Banking Cosp Ltd 6.75 TSB 6.75 United Bank of Kowell 6.75 Unity Truel Bank Ptc 6.50	0.580 Previous o
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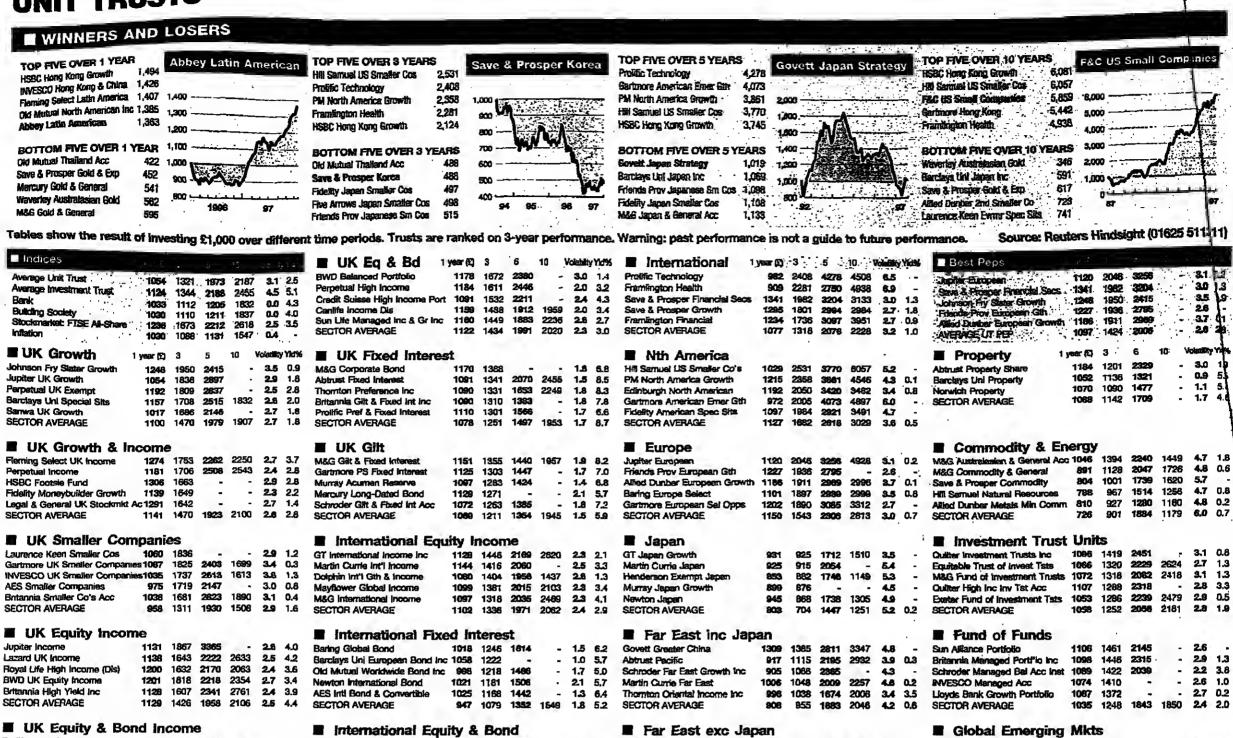
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HSBC Hong Kong Growth

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Mercury Emerging Markets

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Fleming General Opportunities

Capel-Cure Hallmark Growth

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SECTOR AVERAGE

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ables show the result o	f inves	ting £	1,000	over	diff	ereni	time periods. Trusts are ra	inked	оп 3-	year	perfo	sme	тсе.	Warning: past performance	is no	t a gu		o futu	e per	formance. For investment to	ust price	s see n	nain pa	aper
UK General	1 year (5)	3	5 Des/5	Pm(+) V	olatility	YMM	■ Int Cap Gth	year (I)	3	5 Die	Pm(+) V	olesty	Yk/%	■ Japan	yes (2)	:3	· 5· 0	PHÓ. VIA	Yo.	High Income	1 year (E)	3 5	Dis/PmH V	Make Ba
aming Claverhouse	1261	1810	2289	2	4.0	2.4	Jupiter Primadona	1484	2008	4092	-4	4.3	1.5	Baille Gifford Japan	867	835	1412		2					
ercury Keystone	1198	1791	2917	_	4.0	2.7	TR Technology (Units)	1168	1713	-502	•	3.2	1.2	GT Japan	1029	834	1588		_	Gartmore Scotland (Units)		470 157	- 1	2.9
sbury Growth	1167	1645	2506	-	3.6	2.5	RIT Capital Partners	1100	1551	2947	_	3.7	0.8	Fleming Japanese	778	751	1598		.9 O.E			403 237		26
dinburgh UK Tracker	1279		2184			3.5	Henderson Electric and General	1164		2497		3.1	1.7	Edinburgh Japan	796	727	1000			- Glasgow Income - Henderson High Income		386 167		3.4
nsbury Trust	1180	1577			2.4	2.1	English & Scottish	1111	1509	2421		42	2.4	Henderson Japanese Small Cos	652	623			. 0.	- Partmoor Dartmoor		345 167		4.8
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UK Capital Grow	th						■ International Gene	ral						Far East exc Japa	n C	ana	-al			E Culit Conitol				
inwort 2nd Endowment Policy		1703		-7	3.5		Personal Assets	1211	2016	-					-					Split - Capital			+	
dervalued Assets	1127	1812	-		3.4	2.0	Law Debenture Corporation	1181	2015 1671	2671		21	2.0	TR Pacific	956	1251	2821	_	.3 0.3			937 267		6.8
ry 8 Sime ISIS	1246	1600		-	4.4	2.0	Brunner	1302	1644	2604 2502		3.5 4.3	3.0	Pacific Horizon Govett Asian Smaller Cos	967	1197	2245		4 0.8					4.8
roder UK Growth	1122	1597				3.1	Scottish Mortgage	1222	1576	2326			2.9	Scottish Asian	996 779	992	~~~		.5 0.3			810 353		5.3
inwort Endowment Policy	1103	144B		_	3.0	-	Scottish Eastern	1200	1564	2261		3.6	2.1	Abtrust New Dewn	893	970	2103		.5 - .3 1.0	Scottish National Cap		757 279		14.7
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Smaller Compani	es						■ North America							Far East exc Japa	an, S	ingle	Cat	intry		■ Split - Inc & Res	idual C	ap Sh	ares	
IVESCO English & Inti	1021	2048	4013	6	5.1	0.9	US Smaller Companies	1279	1744	2248	8	5.7	-	New Zealand	1068	1275	2940	1 4	7 1.9	TR Technology B		649 1794		8.7
nderson Strata	995	1819	2969		4.3	0.4	North Atlentic Smaller Cos	1126	1731	4152	5	4.2	-	First Philippine	839	1026	2707	- 6	5 -	SR Pan-European	-			7.1
tWest Smaller Companies	1104	1705				2,5	Fleming American		1729	2860	10	41	0.8	Edinburgh Java	971	829	1275	20 7	4 -	Henderson EuroTrust			- 1	5.8
erald	940	1589				0.7	Edinburgh US Track 25p	1320	1585	2778	_	4.8	1.7	Abtrust New Thail	548	754	1872		9 20	Klektwort High Income	1428 1	573 200		6.2
ory & Sime UK Smaller Cos CTOR AVERAGE	1014		2107 1904			2.5 3.2	American Opportunity SECTOR AVERAGE	1093	1527 1603	2778		5.0 4.9	1.3	Koree-Europe Fund SECTOR AVERAGE	654 773	660 757	1990		4 0.4 9 1.0			436 1847 347 320	7 16	8.7
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City of London	1370	1606	2156	1	3.5	3.8	TR European Growth	1405	2208	4697	4	4.0	1.3	Baring Emerging Europe	1596	2004		11 11	3 -	Rights & Issues inc				1
rchams	1348				_	5.1	Fidelity European Values		1836	2984		3.8	0.2	Templeton Emerging Markets	1172		2648	3 6				705 265		<u>}.1</u>
nple Bar	1300	1478				4.9	Gertmore European	1190	1758	3027	-	3.6	0.9	Central European Growth Fund		1345		12 10		MCIT Inc		366 1839		12
estors Capital Units	1284		1927	12	3.8	4.2	Foreign & Col Eurotrust	1189	1560	2294	-		0.5	Templeton Latin America		1298		14 8				312 176 3 305 133 7		\$2 1
ue and income	1177					4.0	Henderson EuroTrust (Units)	1144	1549		13	4.5	1.3	Beta Global Emerging Markets	1384	1292	1995	8 6		Jove Inc		299 1836		49
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dover		2415	3199	-7	4.4	2.8	Kleinwort Charter	1366	1877	2848	14	4.1	2.6	Capital Gearing		1597	2197	8 2	4 0.1			E10		_ 1
eign & Col Enterprise		2311			3.7		Mercury European Privatisation		1633	-	_		2,3	London & St Lawrence	1122		1748		6 4.7	M&G Recovery Zero Div Prf	1142 14	519 .		24
nwort Development Fund			2822			3.8	European Smaller Companies	1144					0.6	New City & Commercial		1237		16 4		Johnson Fry 2nd Util Zero Dv P	1197 4	172 1 80 9		2.4
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Equity growth

No No Nill Yes Yes 100p — 3000 1% 3000 1.25% closes July 25

Fund amed at people who want to supplement their pension. "The table gives details of the trust's growth shares — there are also morthly dividend income shares

Performance: Tables like these are full of traps for the unwary. Trap 1: don't expect them to tell you which trusts will do best in future - they are merely a historic record. Trap 2: don't make minute comparisons of unit and investment trusts - the unit trust figures take account of the spread between buying and selling prices; the investment trust ones take mid-market

prices in both cases. So comparisons

flatter investment trusts.

Voiatility: Shows the absolute variability of a trust's performance. As a rule of thumb, the more voiatile a fund's progress, the higher the return investors demand from it to compensate for the additional risk. Unusually volatile funds should be avoided by anyone investing over the short or medium term or those who cannot afford big losses. But investors who can afford to take a long-term view may want to have some high risk/

high reward trusts in their portfolio to

spice it up.

Yield: Even this has traps for the unwary. Most unit trusts charge their management expenses against income, so the yield is net of expenses. But a recent rule change means that trusts are allowed to charge some or all of their management expenses to capital, thus inflating the yield. Our managed funds pages identifies those trusts which charge to capital. Investment trusts used all to charge expenses against income, but some now charge some against capital.

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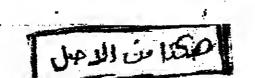
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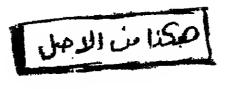
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FT MANAGED FUNDS SERVICE ● FT Cityline Unit Trust Prices are available over the telephone. Cell the FT Cityline Help Desk on (+44 171) 873 4378 for more detailed. OFFSHORE AND OVERSEAS \$1.50 The Financial Times plans to publish a Survey on the World Paint THE CUSTON THE PROPERTY IS NOT THE PROPERTY IN THE PROPERTY IN THE PROPERTY IS NOT THE PROPERTY IN THE PROPERTY IS NOT THE PROPERTY IS NOT THE PROPERTY IN THE PROPERTY IN THE PROPERTY IS NOT THE PROPERTY IN THE PROPERTY IN THE PROPERTY IS NOT THE PROPERTY IN THE Industry

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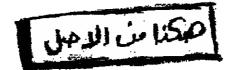
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FT MANAGED FUNDS SERVICE Offshore Insurances and Other Funds **Outstanding Membership** Applications The **Berkeley Playhouse Club** Berickie, Perplane, Guitefar requires, with continuous personal programment of the continuous pe Berkeley Playhouse founder members with outstanding membership applications are requested to submit their applications without delay for

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LONDON STOCK EXCHANGE

Footsie shrugs off sterling's rise to DM3

MARKET REPORT

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By Philip Coggan, Markets Editor

Neither a further rise in sterling to the DM3 level nor a sharp fall in one of the FTSE 100 index's

yesterday. partner, MCI, after the UK mar- hardly helpful to UK exporters. ket closed on Thursday. The warning cast doubt on the terms of the deal for the US group and on the earnings prospects for the

lent to 13.5 points off the FTSE 4.799.5, up 31.7. 100 index and dealing in the

Meanwhile sterling forged profits warning from its merger the pound but the effect was ing 0.4 to 2,204.4

opening to 4,765.5 - the session windfalls were being translated

BT's fall in itself was equiva- ended the day just shy of 4,800 at week, Dixons gained more than overseas investors are becoming

shares represented more than 20 news this week, including an per cent of the market total, interest rate rise, Footsie shed up the running along with Gran-ket for several years because of

biggest constituents managed to ahead again, briefly touching stronger yesterday, gaining 22.1 where the Dow Jones Industrial revival of the pound is tempting derail the equity market DM3 and hitting 105.0 on the to 4,408.3 bnt, as so often Average was 35 points higher them back into the UK. trade-weighted index. The cause recently, the performance of when London closed, after clim-Trading volume was dominated may have been more D-Mark small companies was disappoint- bing 44 points on Thursday. bad news may be taking its time FIS by activity in BT following a weakness than enthusiasm for ing, with the SmallCap todex fall- Stronger US Treasury bonds, to come home to investors. "We

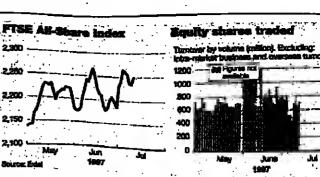
15 per cent and J Sainsbury increasingly interested in UK 2200

which reached 972.1m by the 6pm only 13.3 points over the five ada, the hotel and media group. the weakness of sterling," said The FTSE 250 index was also some support by Wall Street, egist at UBS in London. The

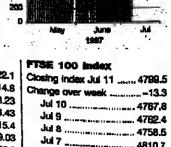
low - Footsie surged ahead and into high street sales. On the market's resilience was that gist at NatWest Securities.

In spite of a fair chunk of had nearly 14 per cent. stocks. "Overseas chemic have this week, including an Yesterday, brewing stocks took been nervous about the UK mar-The market was also given Mr Mark Tinker, UK equity strat-

Others think the recent bout of FTS after weaker-than-expected pro- haven't yet seen a post-Budget FTSi Once again, consumer-related ducer prices data, helped the gilt round of sterling-related down-All this seemed to leave the stocks were leading the way as market, with the benchmark 10- grades or companies topping up FTSI market serencly unconcerned, investors reacted to the growing year issue rising by more than their pension funds because of however. After a brief dip at the evidence that building society half a point. the tax credit move," said Mr Analysts said one reason for David McBain, UK equity strate-



indices and ratios			
FTSE 250	4408.3	+22.1	FTSE 1
FTSE 350	2301.8	+14.8	Closing i
	2250.41	+13.23	Jul 10
FTSE All-Share yield	3.45	3.43	Julg
FT 30	3052.7	+15.4	Jul
FTSE Non-Fins p/e	18.98	19.03	Jul 7
FTSE 100 Fut Jun	4834.0	58.0	High
10 yr Glit yield	7.07	7.0B	LOW
Long gilt/equity yid ratio	2.06	2.06	"Entra-day





The main feature in equity derivatives trading yesterday was the unexpected pounding taken by holders of positions in BT shares, writes Martin Brice. The profits warning from

BT's would-be US merger partner MCI left arbitrageurs who were long MCI and short BT nursing big losses. One dealer said: "A trade that was going quite nicely has suddenly burnt them very badiy."

The arbitraceurs were

using the 5 to 10 per cent pricing difference between the two shares but the calculations were sent wildly off course when MCI shares fell 15 per cent and BT's fell by 8 per cent. in traded options, there were 3,506 lots in BT, with

much of the action yesterday in the November 500 cells and puts. The September FTSE 100 future opened at 4,795 and

closed at 4,832, in line with

	Open	Sett price	Change	High	Low	Est. vol	Open int.
	4795.0	4892.0	+54.0	4844.0	4791.0	9658	70482
	4882.0	4894.0	+63.0	4889.0	4673.0	. 248	4280
		4934.0	+53.0			. 0	101
TSE :	250 NOE	FUTURES	(LIFFE) 2	10 per ful	Index pol	nt	
		4487.0	+21.0			0	7117

IN FTSE 100 INDEX OPTION (LIFFE) (*4798) £10 per full index point

IN EURO STYLE FISE 100 INDEX OPTION (LIFFE) £10 per full index point

FTSE - LEADERS & LAGGARDS
Percentage changes since December 31 1996 based on Friday July 11 1997
Gas Distribution+37.86 Building & Construction+12.26 FTSE SandCon+1
Banks, Ratal+35.67 Telecommunications+12.18 FISE Fledging at IT+1
Programmaticals+36.37 FTSE All-Share+11.76 Chambals
Financials +26.50 Retailors, Food +11.71 FISE SmallCap ex IT
Alcoholic Bernanges +25.60 Food Produces +11.25 FTSE 250
Curnamer Goods+24.56 FISE 250 Lower Yield :+71.05 Inhura & Hotels
Beckicky +21.67 involuent Times +8.71 FISE 250 et IT
Water +21.46 Tobacco +9.27 Tacillat & Assard
Differs+18.46 Support Services+9.13 Building Matter
Life Americo
CE Integrated+1722 Townsport+7.94 Gas industrials
FISE 100 +16.54 Health Care +7.40 Engineering Voluntes -1
Household Goods+15.85 \ Piliacine Industries+8.09 Engineering
Mineral Princetico+15.81 Filiagenco+4.74 Fectoric & Elect Equip 4
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FISE 350 Higher Yield _+1444 FISE Statutor+2.17 Described industrials15
Oll Emploration & Prod+1367/ Researcher, Pube & Piest+1,86 Proor, Prie & Priestra25
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trading By Steve Thompson and Martin Brice

Massive

Riding high and trading above the 500p mark for the first time last Friday, BT shares were hit by a thunderbolt with the shock news of a profits warning from MCI, its prospective US part-

MCI said it expected earnings for the second half of the current year and into 1998 to come in below analysts' expectations because of delays to its entry into local US markets. It was unclear yesterday whether the warning would enable BT to renegotiate the terms of the MCI acquisition or even pull out of the move.

Marketmakers, alarmed at the potential consequences of the news, which they correctly feared would prompt wholesale profit downgrades of BT, slashed their opening quotations for the shares only to encounter further big selling pressure as the story reverberated around trading

After opening around 440p, the shares dropped further to a session low of 433p before stabilising and finishing a net 37 off at 4401/2p. That fall sliced over £2.35bm off BT's market capitalisation, which fell to £28bn.

Turnover in BT rocketed to a massive 195m shares, by far the heaviest single day's activity ever recorded in BT shares. Ironically, the previous biggest single day's trading was 82.4m shares on November 20 last year, the day the merger with MCI was announced.

the consensus figure is £4.34bn.

The recent intense speculation that a bid or merger is being lined up for National Westminster was revived just before the close yesterday with dealers noting heavy buying of shares in both National Westminster Bank and Prudential, the UK's largest general insurer and regarded by some as a

perfect partner. The feeling around the market was that NatWest would be keen to do an agreed deal before its interim fignres are announced on August 5.

Those figures will be bad and NatWest needs to do a

shares. Prudential rose 16 to

strong pound and low sensitivity to rising interest rates combined to form a heady cocktail with consumer stocks at the centre of the mix yesterday.

The brewers were among those benefiting most, with Whitbread up 39 to 832p and Scottish & Newcastle up 321/2 to 739p. Among related stocks that rose were Allied Domecq, up 121/2 to 4481/2p, and Bass, up 191/2 to 8281/2p. Merrill Lynch was highlighting the sector at its morning

meeting yesterday. Mr Tony Shiret at BZW has told clients "the key

but after its recent strong of takeover speculation.

NEW 52 WEEK

HIGHS AND LOWS NEW HIGHS (171).
RAINCS, RETAIL (s) DIREWENERS, PURS & REST (2) Scott & Newcaste, Whiteverd, BILLIONG & CHISTINI () AREC, CHESICALS () Competence With, DIVISION BROWN, () DCC, BLSCTRICT () Northern Invance, BLSCTRICC & BLSCT 2009 (s) BCTRACTIVE, BODG (1) FOOD PRODUCERS (9) Cadbury Schweppes, Dairy Crest, Dwice, BMILLIAMIC (2) ARIL (CC., RIVESTRIBOTT TRUSTS (40) SWINSTRIBOTT COMPARISE (9) LIBRURE & NOTELS (2) MEDIA (1) Midward Moor Memorphope, OLE EPPLORATION & PROD (2) HIRTO OLE SCHLORATION & PROD (2) HIRTO OLE SCHLORATION & PROD (2) HIRTO OLE SCHLORATION & PROD (2) HIRTO (3) BRINGS (2) ARIVESCAP, ST., PAPER, PACKOS & PRINTE (1) LIPRA-Nymmons, PHANMANCELITICALS (1) SINISTRIB BOSCHER, PASTA & PROPERTY (9) RETAILESS, FOOD (9) A SDA, MONTION RETAILERS, SCHMERAL (5) SUPPORT SETNÓ (6) CARS, SENS. TOH Systems, Tyon Ind. NEW HIGHS (111). Reuters

SERVS (Q CMG, Sage, Total Systems, Tyon Ind TELECOSPICATIONS (7) TRANSPORT (2) WATER (1) Augher, Alle (5) AMERICANS (5) CANADIANS (1).

MENT LOWS (88). ALCOHOLIC BEVERAGES (1) Burn Ste deal; on the other side, Prudantial's management is very ambitious; the story has the ring of truth about it this time round," said one marketmaker.

NatWest shares climbed 19 to 868% point turnover of 6m about 2 to 19 to & Nephew, INSURANCE (1) Topdamust

INVESTMENT TRUSTS IS INVESTMENT Windfall spending, the strong pound and low sensitivity to rising interest rates combined to form a heady cocktail with consumer

Companies (7) Leisure a Hotels (7) Consider Radio, Doring (Noteraley, Other Financial, (8) Paper, Packed a Print (9) Begden inds, Welmougha, Palarakaceuticals (8) Retailers, (9) Palarakaceuticals (8) Retailers, (9) Textures a Hotels, (9) Paper, (9) Palarakaceuticals (8) Retailers, (9) Textures a Hotels, (10) Consumer (10) Palarakaceuticals (10) Palar mora Germants, AIM (3) Anglo-Welch, O

> tial bullish trading statement from Allied Carpets when it reports results on July 28. While Allied was up 2 at 248½p yesterday, and DFS Furniture was off 2 at 529p, data released by John Lewis suggested its furnishings sales were ahead by had overreacted to the Sovabout 15 per cent.

much of the day at 523½p, motivation is to buy UK put on 17½ to 540p after earnings in businesses with director Martin Harris a low sensitivity to interest bought 25,000 shares at 526p. Commercial Union was His prime buy in the one of a handful of stocks stores sector has been Boots, responding to a fresh round

rise he has shifted from a Yesterday's rumour, rose 8% to 508%p.

RISES AND FALLS

M CHIEF PRICE CHANGES YESTERDAY

4729 8

London (Pence) **Bodycote** 805 + 37½ 629 + 21½ British Land Cash Convtr Uts GEC 181/2+ 3 Granada Greenalis 470 + 171/2 1411/2+ IES Group Oasis Stores 2311/6+ 13 Scot & Newcas 739 + 321/ 4321/2+ 161/2 **Total Systems** 531/2+ 10

832 + 39 1222% - 52% Biocompetibles 44012 - 37 Cafe Inna 200 - 84Ceiltech 2471/2 - 14 Eurotunnel Uts Independent Ins 855 - 39 Prism Lelsure 1871/2 - 121/2

company and was consider ing a bid.

CU rose 211/2 to 6791/2p. They hit a record 7631/2p in May this year when BAT merger talk was at its peak. Willis Corroon, the insurance group, slipped 51/4 to 138p after being down 10 at one point.

The weakness stemmed from news that Willis is liquidating ito Sovereign Marine subsidiary after losing an arbitration dispute with two reinsurers, which meant it will have to make additional provisions to close the business.

Dealers said the market ereign news: "It's nothing Carpetright, which spent more than a storm in a sherry glass," one analyst

said. British Land ran up 211/4 to 629p; the company described reports that it was accumulating a war chest to fund a bid for MEPC as "an extreme piece of imagination". MEPC

for BT were being reworked Boots yesterday gave up 17 to 774% pafter running into expectations that up to 10 some profit-taking.

Traders are said to be poncerned estimates, of which the street of a potential services group, had charged the effect of a potential services group, had charged the street of the s

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	Jel 11 chapels Jul	10 July Jul		that P/E XI	ded, Total yed Retest	High	- 1997 —		Since Complie	LOW .	expectat	tions tha	t up	to 10	some	profit-tal
TSE 100 ·		767.0 4762.4 475					3/7 466.6	-		BS 23/7/84		would be estimate				ders are
SE 260	4408.3 +0.5 4	886.2 4395.5 449 880.7 4890.8 439	0.8 4316.5,3.70	81,61 20,61 1 21,64 19,43	92.73 1844.16	4729.4	11/3 4946.2 10/3 4980.7	10/7 4729.4		79.4 21/1/86 78.3 21/1/86	·		,, 0,, 1			,
SE 250 ex 17 : SE 350		287.2 2286.0 228		71.85 18.46			3/7 2017.9			64.5 14/1/86		-	-	-		
SE 350 ex 11	2302.2 +0.6 2			91,96 18.23			37 1111.3			11.3 9/5/97	LIFF	E EQU	TY	OPT	ONS	
SE 360 Higher Yield SE 360 Lower Yield	2238.1 +0.5 22 2370.6 +0.7 23	226.8 2228.1 223 53.2 2348.8 234		71.76 15.18 : 8 <i>2.2</i> 5 22.55 :			3/7 1934.8 13/6 2106.2			00.0 14/12/94 00.0 14/12/94		Code		Date:		
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SE All-Share SE All-Share ex IT		6.97 2236.26 2235		1.96 18.30			3/7 1005.67	9/5 2209.73		M7 9/5/97	(*142%) 1	160 - 2	4% 17%	19% 20%	(*616)/2)	650 10%
FTSE Actuaries	Industry S	ectors										850 18 60% 900 4 35%	BA 19 61 45		Guitonnes	600 31 4
	Day's	10 Jet 0 Jet 1		Met P/E XI	adi. Total yai Haksa	Hab	1967 —	w 15	Since Complin	Low	Alice & Loice	EDI 245 58	78% 25 46% 30	25 30	(-616)	850 8½ 2 280 13% 2
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2 Extractive industries(5) .		3.74 4222.83 4225.					6/6 \$774.12 7/7 4005.84	5/2 4768.29 3/1 4925.91		0.00 31/12/85 230 20/2/86	BAA 5	550 37 58			(36516)	390 3 12
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Building & Construction(35)	1344,76 +0.6 133	8.21 1336.37 1342	36 1167.32 3.30	1.96 19.32 2	5.35 1169.96	1417.83 1	36 1194.01	2/1 2125.00		30 9/9/92	Barcheys 1	290 SEE MY	127 12	65 65	[270)	280 8% 1
2 Building Made & Mercha(30) 3 Chemicale(20)		3.12 1746.59 1763. 3.16 2324.14 2346.					3/6 1743.12 3/6 2223.08	10/7 2393.22 26/4 2000.84		LSB 14/1/86		20 M W. W.				240 13
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Electronic & Elect Equip(37)	205415 +28 199	8.34 1982.80 1967.	65 2310.5B 3.8 5	1.58 19.98 1	7.22 1099.77	2306.29 1	4/1 1982.80	9/7 2460.67		146 29/9/86	Boots 7	750 225% 50	64% 3%	22 26%	Themply	180 17% 200 5%
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Paper, Policy & Printing(27)	1884.74 +0.6 187	C23 1807.55 1904.	31 2801,02 5,58	1.86 12.01 5	5.49 822.61	2597.20 1	23 1874.23	10/7 3142.02	11/7/85 973	14/1/86	(*69239) 7	700 6% 38	E2% 14	311/4 40	(*635)	690 15
Textiles & Apparei(14)		7.65 1006.71 1010.					7/1 506.00	7/7 2325.00		1,00 24/9/90		750 33% 55% 200 2 28	71 1 44 20%			600 24 850 9% 2
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Alcobolic Beverages(7) Food Producers(25)	3442.87 +0.7 341 3009.35 +0.8 298						3/7 2637.24	15/1 3467.00 8/2 3931.78		1.50 14/1/86 1.10 14/1/86		160 % 4%	8 14		(*1013W)	1050 14 30
Household Goods(17)	3044E0 -0.2 305	0.80 3087.25 3117.	88 2509.56 3.41	2,31 15.87 5	4.13 1251.84	3148.77	3/7 2505.42	7/1 3148.77	37/97 927	7.10 21/1/86		500 20% 51% 500 1 27	63% 2% 48 19		PERMIT	250 19
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Tobacco(3)		8.65 4408.43 4493.1					25 3001.45	10/1 4055.47		LSO 9/1/68			58% 23% 105 10		-	240 5% 12
SERVICES(Z74)	2657.10 +1.0 263	9.68 2612.17 2589.	37 2499.81 3.00	1.98 21.04 4	4.86 1438.55	2722.10 1	36 2006.24	30/6 2722.16	13/6/97 544	LSD 23/1/06		8 48%	78% 41%			420 28
Distributors(30)		8.34 2635.99 2619.					3/1 2510,79	8/7 2319.33		21/1/86		SS) 88 14E-			(*433)	460 8% 14
Leigure & Hotels(31) . Madin(44)		4.66 3127.76 3166./ 1.35 3907,87 3960./					1/3, 3114.66 4/3 3867.57	10/7 3636.30 9/7 4624.36		L49 21/1/86 L20 9/1/86		600 11% 94 50 18 87%	第 程 7%			220 10% 10 220 2%
Rainliers, Food(15)		9.92 2326.95 2272				2467.45 1	1/7 1811.95	11/2 2407.45	11/7/97 917	AS 21/1/86	(*761) 8	00 2 18	54 40%	64 70%		Aug
Retailers, General(53)		8.00 2061.32 2020.					3/5 199L65	30/6 2201-21		L10 9/12/88 L00 14/1/86		00 18% 42 50 % 20%	92% 6% 38 40		Pilidogios	116 12
Braweries, Pubs & Rest.(22) Support Servicina(56)		4,47 3186,45 3174.1 0.98 3019,60 3004.:					4/3 3679.67 2/6 2757.13	246 3447.37 2/1 3167.38		180 - 1/2/91			71 2	17% 23%	(~119)	120 \$
Transport(23)		5.53 2847.22 2006.					26 2002.05	2/1 2925.98		14/1/86		50 2 29% 50 18 31		4135 4636 20 2416		_ <u>24</u>
ALIFTER(21)		3.91 3044.04 3054.					47 2515.43	271 3118.41		250 3/10/86		00 18 31 80 M	27 W		LEGISLANI	160 12½ 160 3½
Electricity(3) Gas Distribution(2)		3.29 3327.41 3360. 9.08 2057.38 2074.					3/7 2755.80 3/7 1466.86	0/1 3420.78 30/1 2379.39	87/97 900 16/12/93 904	LSO 9/12/86		00 39% · H		916 15		Saap D
Gas Distribution(2) Telecommunications(3)		0.48 2454.91 2495					47 2075.75	2/1 2561.11	4/7/97 862	2.58° 3/10/86	,,		35 14% 19% 19%			220 10 24
Water(12)	2652.62 +1.2 281	9.25 2798.12 2794.	33 2118.18 5.77	227 9.53 9	1.57 1708.61	2002.02 1	1/7 2329.57	2/1 2852.62	11/7/97 \$26	1/5/90	(*85859) 9	100	M14 33	82 BB%	(*229)	240 8% 15
HOM FRANCIAL S(676)	2267.59 +0.6 225	4,82 2248,78 2250.	78 1972.86 2.59	1.84 18.98 4	1.67 1801.61	2200.79 1	36 2003.57	10/1 2206.79	13/6/97 61	A9 13/12/74		20 41% 64% 100 5% 32%	8% - 54 14	11% 19	, wage	420 44%
PHEATCHALS(HOR) · · · ·		8.72 4483.9T 4392.					3/7 3436.42	2/1 4466.57		29 23/1/66		00 7 28%	36 8		(*44599)	480 24 35 140 27%
Beatles, Partel (10)		6.77 6789.96 <i>677</i> 5.1 4.08 1720.87 1699.1					7/7 4823.28 95 1991.33	2/1 9000.00 24/3 1676.14		LOG 23/1/86 LOG 25/8/82		00 - 1994		50% 57		140 27% 160 19
transmon(18) Life Assurance(7)		7.88 479 C24 4821,					95 403L#	2/1 5220,22		JE 23/1/86		100 25% 41 150 4% 21%	49 - 31 5			80 B 6
Other Finencial(29)	3253,71 +0.2 324	6.79 3249,36 3247;	82 2586.58 3.25	1.94 19.86 5	0.92 1936.04	3999,78 1	0/3 2042.46	2/1 3360.76	10/3/97 856	1/10/90		20 12 28%	36 2			90 2% 4
Property(44)		0,67 1991.35 1979.					95 1754.61	27: 2132.49		16/9/92			36 31%		Dimone	500 814
MARSHAGA TRASIS(127)	343270 +0.3 342	2.28 3429.18 3428.	96 3105.18 2.20	1.17 48.61 4	3.24 1231.74	3467,57	36 3006.83	2/1 3447,87		20 14/1/86		417 7年 13 年 18 年 18 日 18 日 18 日 18 日 18 日 18 日 18	33% 5 26 14		("5451Q) EMI	550 22 1 1780 63
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† Alternative Investment Market. § Placing price. * Introduction. For a full explanation of other symbols please rafer to The London Stars Service notes.											
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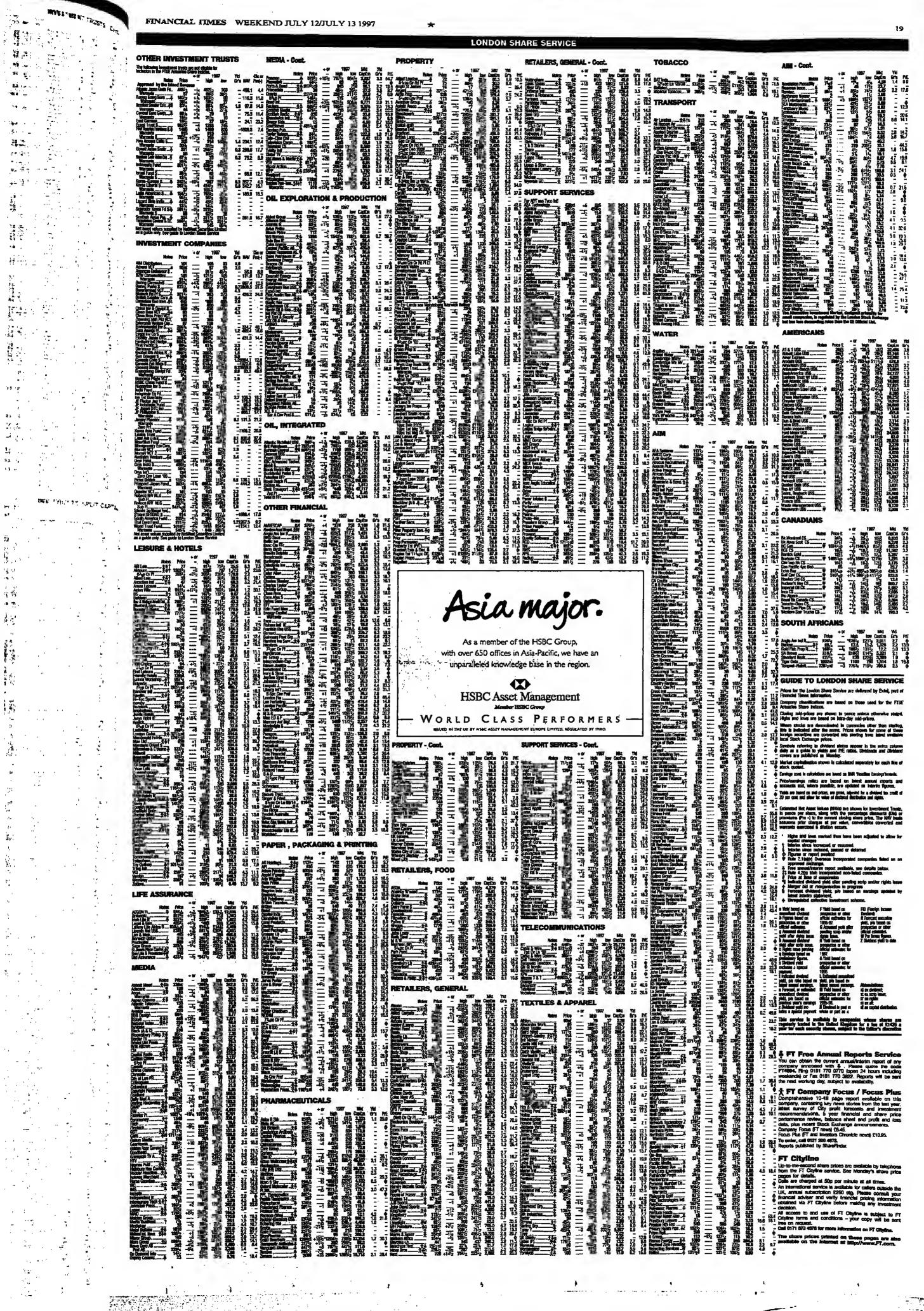
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† Correction. * Calculated at 19.00 (Mrf. © Exclusing bords. ‡ Industrial, ples Utilities, Financial and Temportation.

† The DJ Indi. India: theoretical day's highe and lows are the averages of the highest and lowest prises reached during I stock, whereas the acceptance are previous copying. © Subject to official recalculation.

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حكام الاحل

WORLD STOCK MARKETS

Dow surges Strong \$ sends Dax back to record high Monday and Thursday amid Budes, No. and Winterther speculation that Germany's FTSE Actuaries Share Indices

after gains for bonds

AMERICAS Boosted by rising bond prices and continued enthusiasm about second-quarter higher ground by midday more than 10 per cent or \$6% with the Dow Jones Indus- at \$50% after its quarterly to 7,948.74, writes John Labate in New York.

MEN WALLE

"Money is pouring into this market and it's feeding on itself," said Mr Bill Meehan, market analyst at Prudential Securities.

Earlier in the day producer prices for June helped to get the market going. The PPI dipped 0.1 per cent, making the sixth consecutive month of declining prices.

Helping to lift the Dow was American Express, which leapt \$35 to \$812, and Hewlett-Packard, which rose \$2% to \$601. Another big gainer, McDonald's, added \$11% at \$50%

On the downward track. MCI tumbled \$6% or nearly 15 per cent to \$36 after a warning on Thursday on its earnings outlook. Shares in Canada put on 45 cents to British Telecom, MCl's. C\$66.15 and there was proga bit, falling \$5% or more than 6 per cent to \$76%. Other telecommunications companies also fell as AT & T lost \$ to \$35% and Shares in mortgage lender

Fannie Mae slid \$1% to \$421 after a Thursday announcement regarding its investment portfolio.

Crown Cork & Seal, the earnings, Wall Street took to packaging company, fell by meet analysts' expectations. Technology stocks were trading higher as the Nasdaq composite index soared 9.76 to 1,500.69. Leading the way were Dell Computer, up \$7% to \$136, and Apple Computer, which gained \$1% or more than 11 per cent to \$14% after suffering heavy

> TORONTO continued to move higher, partly tracking the solid start on Wall Street but also responding to further impressive gains for bank shares. At noon, the 300 composite index was up 29.58 at 6.622.50.

losses on Thursday. Intel

gained \$2 at \$1521/4.

The good run for bond markets underpinned an active morning for the banking sector. Royal Bank of Canada put on 45 cents to planned purchaser, also took ress too at Bank of Montreal which gained 25 cents to C\$57.45. In the broader market,

Alcan Aluminium rose 45 cents to C\$48.40 and Seagram added 20 cents at C\$54.70.

Sao Paulo drops 1.7%

beavy selling and leading 15 centavos to 21.10 pesos stocks moved lower across the board. Brokers said that "buy" at Paribas left Penoles the morning shakeout was 1.40 peacs weaker at 32.50 mostly inspired by foreign peacs. sell orders. Telebras came off 2.6 per cent to R\$168.50 and as worries about the looming or 1.7 per cent at 13,377.

MEXICO CITY also moved 35 pesos, but most leaders lower at 134.87.

SAO PAULO came in for lost ground. Telmex came off while a switch to "sell" from

SANTIAGO traded lower

Electrobras shed I per cent results season combined to R\$765. At midsession, the with profit-taking to trim Bovespa index was down 232 shares in most sectors. "We're having an attack of nerves ahead of the secondlower and at midsession the quarter results season. IPC index was off 47.85 at People are talking about 4,814.54. News of improved weak utility earnings," said carnings pushed glassmaker one broker. At midsession. Vitro, 25 centavos higher at the IPSA index was 0.89



Financial stocks were in the spotlight as Munich Re heartened the market with full-year results. Renewed trial Average gaining 61.98 earnings release failed to speculation that the sector was ripe for consolidation and takeovers also lent sup-

> Munich Re ended the Ihis session at DM6,135, up DM185 from the day's floor close and DM524 or 9.3 per cent higher than Thursday's close. Full-year results, which came in above market expectations, prompted a 5,801.5. number of earnings Winter upgrades from analysts.

Elsewhere, Preussag put on DM10.80 to DM538.60 and Thyssen was DM10.20 higher at DM433.00 on news that the two engineering groups planned co-operation in the ZURICH spent a third day climbed 7.5 per cent between



highs registered early in the week as the market was hit by takeover speculation in the insurance sector and credit rating downgrades for two of the big three banks. The SMI index fell 83.9 to

Winterthur was at the centre of attention after Mr Martin Ebner, the maverick financier, said his BZ Group had boosted its stake in the insurer to around 18 per cent. He also revealed that Swiss Re had built a stake. Wintarthur's shares both.

Allianz could be a predator. After an early rise to Jul 11 SFr1.474 vesterday, Winterthur pulled back to close SFr20 weaker at SFr1.418. Swiss Re took a similar route, climbing to an early SFr2,260 before turning back to close SPr67 lower at

"I can't begin to fathom out what Ebner is up to," said one analyst. "It is all very well being an oldfashioned 1980s-style corporate raider but not with the shares at their current prices. Winterthur is already making big efforts to improve the business and 1 can't see what more they could reasonably be expected to do.'

UBS lost SFr39 to SFr1,685 on news that BK Vision had raised its stake in registered shares and had disposed of its bolding in bearers. Elsewbere, among the

banks, CS Group lost 75 centimes to SFr202.25 and SBC fell SFr9.50 to SFr412.50 after IBCA, the European credit ratings agency, downgraded its long-term ratings on

AMSTERDAM renewed its

THE EUROPEAN SERIES Open 10.30 11.00 12.00 13.00 14.00 15.00 Cose FTSE Eurotrack100 2658.53 2657.38 2656.56 2655.36 2656.53 2657.26 2656.17 2657.44 FTSE Eurotrack200 2637.36 2638.70 2635.39 2636.23 2637.60 2638.94 3840.30 2642.15 Jul 8 Jul 7 2648.24 2680.53 2663.25 2637.25 2618.41 2622.81 2642.05 2626.43 2618.85 2614.16 Back white 1930 (2970):50; highting: 100 - 2659.52; 200 - 2646.47 Lowbing: 102 - 2653.86 200 - 2653.68; 1 Parint © FTSE behavelined Lineary 1937. All rights received.

dealers said the buying was tic trade. mostly retail.

"The institutions are sitting this one out. They think it's too expensive," said one trader. The AEX index ment". ABN shares added closed 11.80 higher at a

THE WEEK'S CHANGES % Change Frankfurt..... +3.2 Stockholm... Zurich.....

record 936.51. Financials provided the main features with 10.2m shares in ABN-Amro changing bands after a rumour that the group was teeing up a takeover bid for

forward momentum but mercial Union sparked hec-

ABN said the rumours had been around on a number of occasions in the past and "we never really like to com-FI 1.90 or 4.4 per cent at F144.80. Aegon rose F15 to

A move from "bold" to "buy" by ABN-Amro on Gist-Brocades lifted the drugs leader by F14.70 or 6.9 per cent to Fl 72.60. ASM Lithography surged F1 20.40 to Fl 155 for a two-day gain of 22 per cent following strong contract news.

PARIS gained ground. Trading was narrow and volume low as dealers headed off early for their long, Bastille day weekend. The CAC 40 closed 12.50 higher at 2,941.59. Volume barely

Suez Lyonnaise des Eaux again led the performance charts, rising FFr35 to FFr665 for a two-day gain of i per cent.

"It's ail to do with enhanced shareholder value. The recent moves in Belgium will provide sizeabie cost savings and there's a lot more clearing out of the lockers to come," said one Paris analyst.

LVMH reversed early osses to close FFr1 better at FFr1.571 after the company said it had no comment to make on press reports that LVMH was poised to unveil detailed plans for a three-way drinks merger with Guinness and Grand Metropolitan of the UK.

The day's most active stock was Eurotunnel, which traded 18.3m shares and swung from early gains of more than 10 per cent to a loss of 6.2 per cent following the resumption of trading after Thursday's groundbreaking debt deal.

The sbares ended off 50 centimes at FFr7.55 after touching a high for the session of FFr8.95.

Written and edited by Michael

Manila rebounds 7.6% but Bangkok tumbles

ASIA PACIFIC The de facto devaluation of

the peso sent MANILA soaring 7.6 per cent, its biggest percentage rise for almost even years. The composite index, down more than 9 per cent over the previous three sessions, surged 189.99 to to interest rates returning to more normal levels.

The overnight rate more than doubled to 32 per cent. over the last two weeks as the central bank defended the peso in the wake of the Thai baht's depreciation. Analysts cautioned that

the rise in equity prices could prove short-lived. The market could see a correction as share prices take their lead from the foreign exchange market next week. PLDT rocketed 10 per cent to 935 pesos on expectations of improved revenues from international calls. One ana-

Briston Eslate PLC 104% 1st Mg Deb Sik

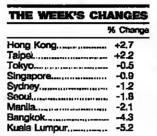
ton Hidea PLC Ord 10o - 175 6

company enjoyed dollar-denominated revenues, it was also burdened with dol lar-denominated debt which last year comprised 84 per cent of its total debt.

BANGKOK fell 3.2 per cent on mounting worries about listed companies' foreign exchange losses following a sharp fall in the baht. The SET index ended down 20.78 st 628.55 in turnover of Bt7.1bn. The haht tumbled to a

record low of Bt30.03 to the dollar in mid-afternoon trade. Rumours that some small banks faced liquidity problems also dampened Selling pressure focused

on bank and communications shares but speculative bnying in finance shares brought some relief. Thai Farmers Bank fell Bt4 to BT105 in heavy volume of Bt332bn, Bangkok Bank tumlyst noted that while the Thai Bank Bt1.75 to Bt34.



TOKYO continued its modest climb on sustained buying interest in high-technology issues and other bluechip exporters, although domestic demand-reliant laggards suffered heavy selling, writes Gwen Robinson,

The Nikkei 225 average rose 120.71 to 19,875.49 after moving between 19,624.86 and 19,892.59. From the outset, stocks followed recent divergent paths, one for strong, globally competitive exporters and the other featbled Bt12 to Bt162 and Krung uring domestic-orientated issues facing bad-debt prob-

lems. Concerns triggered by debts, Aoki, a general con-the previous week's collapse tractor. fell Y16 to Y84, but of Tokai Kogyo, a mediumsized ganeral contractor. plagued other construction stocks and financially troubled companies such as Yaohan Japan, the supermarket to Y173. By contrast, semioperator.

Thursday's 352m shares to soared. Toyota rose Y80 to an estimated 427m, mainly on transactions linked to the day's fixing of special quotations for the settlement of 20,791.54 and volume climbed July Nikkel options. The Topix index of all

first-section stocks gained 5.28 to 1,504.39 and the capital-weighted Nikkel 300 was up 1.13 at 291.55. in London, the ISE/Nikkei 50 index rose 3.57 to 1,608.10.

Yaohan Japan plunged Y48 to a record low of Y95 on growing concerns about its HK\$18.15. financial difficulties in spite of Thursday's denials by the company's president. Among

tractor, fell Y16 to Y84, but up from a low for the year of Y64 earlier in the day. Among other construction

stocks, Tada fell Y50 to Y115

and Mitsui Construction Y19 conductor-related issues and Volume surged from other blue-chip electricals Y3,310. Financial issues were mixed. In Osaka, the OSE average rose 31.21 to

to 30m shares HONG KONG jumped 2.6 per cent in a technical rsbound after a volatile week and the Hang Seng

index closed 386.06 higher at 10.1 at 7,348.0. 15,225.29. Among blue chips, China Light rose HK\$1.70 to HK\$42.80 and Hongkong Telecom 70 cents at Property counters were

carried higher by rotational gain of 6.5 per cent. buying. Sun Hung Kai Propother issues suffering from erties rose HK\$2.75 to renewed anxiety about bad HK\$92.50 and New World 8,806.6.

HK\$48.10.

Red chips outperformed Hang Seng constituent stocks, with the Hang Seng China-Affiliated Corporations index closing 134,43 or 4.2 per cent higher at 3.319.45. Overall market turnover picked up to HK\$18.6bn.

SOUTH AFRICA

narrowly to end modestly higher. Golds were again the main feature, and the all-sbare index ended np

With the bullion price showing signs of wanting to stabilise, golds pnt on another strong performance and the index finished 17.4 ahead at 964.8 for a two-day

The industrial index improved 8.1 to close at

LONDON STOCK EXCHANGE - DEALINGS

Details of business done shown below have been taken with content from last Thursday's Stock

Extrating Officer Let and stocke for the representation permission.

The data is delivered by Extel, part of Financial Times information.

Delivity relate to those speciation and included in the FT State Information Services. The prices are those at which the business was done to the 24 hours up to 5.15pm on Theretay, they are not to order of execution but in ascending order which denotes the day's highest and lowest trades. For order of execution but in accompany order which because the day's Official List, the baset recorded in Thomatoy's Official List, the baset recorded business in the four provious days is given with the relevant date. The size of individual deats are rounded to the passent thousand and represented within parentheses, where available. # Burgains at apachal prices. " Burgains done the previous day.

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ICI makes £1bn Australian disposal

By Roger Taylor

Imperial Chemical Industries has sold its 62.4 per cent stake in its ICI Australia offshoot for A\$2.2bn (£1bn) in a investors qualify for a 40 It was paid for with an heavily subscribed public offering.

The international offer to institutions was twice subscribed and bas been priced lic offering, ICI is selling 30m at A\$12.35 a share, a relatively narrow discount of at A\$11.96 apiece. A further 2.76 per cent to yest 12m have been allocated to erday's closing price of cover over-allotments. A\$12.70 on the Australian

the level of demand for the retail offer, which was three times subscribed. Retail shares for A\$11.95.

In addition to the 143m shares sold through the pubshares back to ICI Australia

ICI said it was surprised at ICI to fund its £4.9bn acquisition of Unilever's speciality chemicals businesses, which was completed on Tuesday. cents discount and will get \$8.5bn (£5bn) loan, taking net debt to about £5.6bn.

The proceeds from the Australian sale - which were in line with the company's target - will help reduce debt. KI said it had made a gain of \$475m on the disposal, and analysts said The sale is part of a £3bn the tax bill should be low.

ICI's interest cover is fore- and from £650m to £580m cast to remain unchanged at next. The chancellor's deciabout two times for this year, despite the reduction for pension funds is expected \$500m. in debt, because the Austrato cost ICI about £100m this lian subsidiary was relatively profitable and because Analysts said ICI's interest

forecast 1997 profits have

been downgraded by about a

third since the start of the

Because of the rise in ster-

ling and Budget changes,

pre-tax profits forecasts have

heen cut from £470m to

profitable bulk chemicals more likely. businesses such as Tłoxide. the titanium dioxide manufacturer.

Tioxide is believed to be next on ICTs list of dispos- in fertilisers, plastics, exploabout £350m for this year, als, it has said the net asset

but analysts have forecast sion to abolish tax credits it will sell for about

ICI said in February that it was planning to float Tioxide, but would also consider cover would not improve selling to a trade buyer, which analysts regard as

> It has not specified which other parts of the group will be sold, but analysts expect it to dispose of its operations sives and petrochemicals.

Winterthur

speculation

Switzerland's best-known

corporate predator, has

increased his stake in Win-

terthur, the Zurich-based

insurance group, fanning the

takeover speculation which

has helped buoy the compa-

It emerged yesterday that

the investment trusts he

controls, BK Vision and Still-

halter Vision, raised their

shareholding in Winterthur from 14.5 to 18.3 per cent

between the middle of May

Swiss Re, the reinsurance

group, has also acquired a 5

per cent share in Winter-thur, its stake was only revealed after Winterthur,

which normally only identi-

fles big investors in its

annual report, erroneously

sent a letter to Mr Ebner

that showed the size of Swiss

Mr Ebner, who has built

up large stakes elsewhere in

Swiss financial services and

has been involved in a long-

running battle with the man-

agement of UBS, Switzer-

land's most powerful bank, said he bad bought the shares in Winterthur

because the company had

He was not thought to

have been buying especially

the share price jumped

sharply. Since the beginning

of July, Winterthur shares

But his involvement with

the group and news of Swiss

Re's stake has nevertheless

heightened speculation

among analysts that the

Swiss financial services

industry is poised to consoli-

date. Credit Suisse, the

banking group which has been cited as a potential partner for Winterthur, has

less than 5 per cent of the

insurer's shares, a holding it

does not regard as "strate-

have risen 12 per cent.

Re's investment.

potential.

and the end of June:

ny's shares in recent weeks.

Martin Ebner,

By Christopher Adams, Insurance Correspondent

target of

takeover

Transdev. a French state-owned public transport company, has offered £41.4m (\$70m) for London United, the last privately owned bus company in London. The acquisition of London United will make Transdev, a subsidiary of the Calsse des Depots et Consignations, the first continental force to enter the UK bus market. Transdev said the purchase was part of the company's strategy of expansion in Europe. Mr Philippe Segretain, chairman, said the company was also bidding for a transway project in Notlingham.

NEWS DIGEST

London United operates on 40 routes in south-west and central London and has nearly 10 per cent of the London market. For the year to November 8 it had turnover of

Transdev makes

London bus buy

Transdev wants control of at least 75 per cent of the but group. London United's management and its institutions shareholders, which include HSBC Equity, 3i and Singer & Friedlander, have agreed to accept the offer and 70.5 per cent of the company is already committed to Transdev The management is recommending acceptance of the offer, which closes on August 4.

Two Dogs bites Merrydown

Falling demand for Two Dogs, the Australian lemon drink that sparked the craze for alcopops, knocked back sales and profits at Merrydown last year.

The UK's third biggest cidermaker, which brews Two Dogs for the UK and Europe, cut its final dividend from 2.5p to 1p as profits for the year to March 31 fell from just over £2m to £220,000. Turnover dropped to £34.9m (£37.1m). Sales to Europe rose from £590,000 to £2.5m as exports of Two Dogs began, but this was more than offset by a halving of Two Dogs sales in the UK.

Since April, Scottish Courage has taken over UK distri-

bution of Two Dogs. Mr Richard Purdey, Merrydown chairman, said Scottish would be investing "significant noney" to reposition the brand.

"It has been a huge disappointment to us that It was seen off so badly by the competition," said Mr Purdey. But the brand would pull through with the combination of Merrydown's brewing skills and Scottish Courage's marketing and distribution muscle, he said.

Savings on the marketing costs of Two Dogs, plus some job cuts, would produce annual savings of about £1.7m. hut would incur an exceptional charge. David Blackwell

Eagles swoop on Sharks

Ragles, which owns Sheffield Eagles rugby league team has bought a 40 per cent stake in the Sheffield Sharks basketball chub. Eagles' strategy is to acquire stakes in other sports clabs. It plans to work with the Sharks in areas such as marketing, sponsorship and merchandising Eagles will subscribe £40,000 in cash for the Sharks shares. Chrysalis, the media group, will continue to hold half the stock while the share of Mushroom Group will fall to 10 per cent. Eagles and Chrysalis will also subscribe for £150,000 each of new 6 per cent convertible loss Simon Kupe

Mackie to fill finance post

Mackie International, the lossmaking Northern Irelandbased textiles machinery group, is shortly expected to appoint a finance director with a strong engineering background. The external candidate's arrival would help the group to "get a solid grip on costings," Mr Kenneth McLachian, chairman, said yesterday after the group sailed through its annual meeting in 10 minutes.

and a first-half loss of about 14m is forecast. M&G's Smaller Companies Fund is managed by Mr Richard Plackett, an employee of M&G investment Management, and not by Abtrust, as reported in Thursday's Financial Times. David Blackwell

Powerscreen share options

The three executive directors of Northern Ireland-based Powerscreen International, an engineering company received bonuses and gains on share options totalling £4.94m last year. The three received bonuses of £246,826 This took the total remuneration of Mr Shay McKeown, chief executive, to £553,692 (£403,443). Last year, pre-tax

profits rose by 18 per cent to £42.4m. In addition, Mr McKeown made gains of £1.93m from the exercise of share options, while Mr Pat Dooey, commercial director, made £1.33m and Mr Barry Cosgrove finance director, made £941,200. David Blackwell

HOME & OFFICE SOFTWARE

gic". Shares in Winterthur slipped Sir20 to Sir1418.

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'Brinkmanship' in F1 talks

By John Griffiths and Clay Harris

Mr Bernie Ecclestone said yesterday that three dissident motor racing teams were "trying to play a hit of brinkmanship" in their negotiations for an equity stake in his Formula One Holdings before its proposed

FOH, which markets esting rights for the sport, now appears to be aiming to join the London and Frankfurt markets in November, later than some previous estimates. No New York listing is planned because F1 racing lacks a

wide following in the US. Of the "hrinkmanship" hy the Williams, McLaren and Tyrrell teams, Mr Ecclestone said: "No one has a problem with that, Just ask them if they're going to be in F1 flotation. But some of the next year, and when they say 'yes', you know exactly what the score is - they don't have a choice, because of their sponsors and engine

Speaking on the eve of the British Grand Prix at Silverstone, he continued: "None of that makes any difference to the company or the flotation. It's a separate issue. The teams have no shares in the company, nor do they have any right to any. But we would like them to participate and there are ongo-

ing discussions." His financial adviser, the

Energy sale

The Energy Group is to sell the power trading parts of Citizens Power, the US electricity trader, to satisfy the regulatory requirements of its takeover by PacifiCorp, the US energy group.

Energy has a memorandum of understanding with Lehman Brothers, which sold Citizens for £75m (\$127m) in March. The deal, which leaves Energy with the assets, contracts and database of Citizens, is dependent on the PacifiCorp takeover going ahead.

US investment bank Salo mon Brothers, is believed to want the issue settled before beginning the international marketing of the issue.

tent to leave the flotation topic to one side at Silverstone. Insiders close to them indicated that any contacts with Mr Ecclestona on the issne this weekend were

likely to be informal. Mr Ecclestone also tried to discourage approaches about alternatives to flotation. He said: "I've had a lot of unsolicited phone calls, hnt I've just not returned them. Salomons are my advisers. They're dealing with the flotation, and

that's that." FOH and its advisers considered, but rejected, bringing in a minority investor to set a "floor" value ahead of ohvious partners - Kirch, the German media company, France's Canal-Plus or Mr Rnpert Murdoch's British Sky Broadcasting - were

FOH is committed to maintaining "free" broadcasts of racing in parallel with more sophisticated digital television coverage on subscription or pay-per-view channels. It is likely to resist, therefore, a significant sbarebolding by a hroadcaster whose interest

Prism Leisure up 28% but warns of flat first quarter

Geoff Young: strong pound had made imports cheaper 'which benefits our margins'

company's products in overseas markets, but that it also made its imports cheaper, "which benefits our mar-

Prism announced earnings per share of 20.93p (17.12p) and proposed a final dividend of 5.46p to make a total

Beeson Gregory, the com-pany's broker, shaved £100,000 from its pre-tax prof-

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16	(2.95)	231	(1.68L)	8.51L	(6.27L)	-	•		•	-
12	(7.87)	0.565	(0.229)	10.58	(2.2)	3	-	2.4	. 3	2.4
	(-)	-	(-)	-	(-)	0.09	July 28		0.09	-
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5	(27)	27	(2.11)	20.83	(17.12)	5.46	Sept 2	4.37	7.19	5.75
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8	(354.4)	3.62	(2.82)	11.67	(9.41)	4	Sept 5	29	10.75	8.2

6 mitte to Mar 31 53.3 — Yr to Apr 30 1.86 Yr to June 30 Yr to Apr 30 _ Yr to Mar 31 Yr to Mar 31 34.5 Yr to Mar 28 33.5 Yr to Mar 31 2.85 (74.1) 0.538 (0.693) 3.59 (4.62) Earnings shown basic. Dividends shown net. Figures in brankets are for corresponding period. After exceptional charge. Visiter exceptional credit. ‡On increased capital.

By Liz Vaughan-Adams ond, a board games distributor, and Kidz Biz, an Shares in Prism Leisure fell importer and distributor of 12%p to 167%p yesterday, as The company said it anticipated a charge of £100,000the group warned that trading was "somewhat flat" in gins". the first quarter. £150,000 in the first half of this year from setting up its direct marketing strategy. The UK home entertainment company reported a 28 However, Mr Geoff Young, per cent increase in pre-tax profits to £2.07m on turnover chairman, said he was "conof 7.19p (5.75p), up 30 per cent at £29.1m for fident that revenues from the year to March 28. The sales will kick in during the was in monopoly rights. pre-tax figure included a second half". Mr Young said the strong its forecast to leave £3.1m for £110,000 exceptional gain

Weekend, Page XX | from the sale of Paul Lom- pound had had an impact on this year. RESULTS

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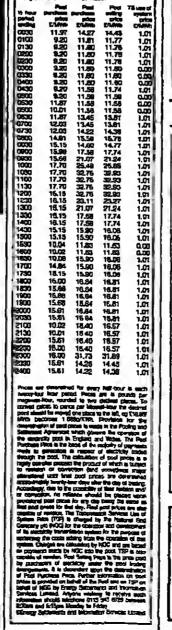
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full privatised Telefórica in

February, is expected to sell

year. The disposal will give

AT&T and the Unisource

partners the opportunity to

buy into the new operator.

considered a prize because

telephone usage in Spain is

low by European standards

hnt is growing strongly.

Telefonica's earnings from

basic telephone services in the domestic market rose by

16 per cent last year to

Ptal,407bn and represented

60 per cent of its total reve-

low interconnection fees -

the price that the second operator will pay Telefonica

for using its lines - to help

kick-start Retevision's busi-

ness. The second operator

will now have a year to build

its services as Telefônica's

sole competitor ahead of the

total deregulation of tha

domestic sector in December

Retevisión should be able

to offer aggressive pricing

for trunk and international calls and Telefonica believes

that it stands to lose around

10 per cent of its domestic

debt by one grade from tri-

ple-A, the highest grade, to AAL It was the first time its

debt has not carried the top

grade since it acquired a rat-

1998.

The government, which market by 2,000.

FT/S&P ACTUARIES WORLD INDICES

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The government has set

The Retevision licence is

Retevisión

Stet, the ambitious Italian its remaining 80 per cent

telecoms company yester- stake in Retevisión next

By Tom Burns in Madrid

day added Spain to its global

strategy hy winning Retevi-sion, the country's second

The win gives Stet, which

recently formed an alliance

with AT&T of the US and

the Unisource European

partnership, the licance to

operate the state-owned TV

signals company as the com-petitor to Telefónica before

The board of Retevision

said yesterday that a consor-

tium led by Stet and Endesa.

the dominant domestic

power group, had beaten off

a bid by France Telecom and

Ptal16.3bn (\$786m) for 60 per

cent of Retevision. It will

now pay a further Pta64.4bn

in a rights issue that will

raise its stake to 70 per cent.

The consortium, which includes Union Fanosa,

Spain's third-ranked power

group, six regional savings

banks and a local operator in

the Basque Country, plans to

invest some Pta500bn over

the next 10 years to develop

Siemens, the German

electrical and electronics

group, yesterday hit back

after Moody's, the leading

Siemens was also making

slow progress in cutting

costs in some core busi-

its telecoms network.

By Graham Bowley

in Frankfurt

Stet's consortium bid

Sprint, the US operator.

the end of the year.

fixed telephony carrier.

COMPANIES AND FINANCE: INTERNATIONAL

Tiny animator takes on Disney

Mainframe Entertainment of Canada creates TV shows at unique speed

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7.910 April 1997 Burgo

& OFFICE SOFTWARE

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credit rating agency, cast ing about 18 months ago. donbt on its ambitious expansion and restructuring sion and the shares were strategy hy downgrading unaffected hy the move. \$1.5bn of its debt. Moody's said the move reflected the strain Siemens' push into emerging markets would put on its finances.

nesses, it said.

MATIONAL AND

Canada (127) Denmark (32)

Thelland (42) ______63.67 United Kingdom (213) ____.915.04

Siemens disputed the deci-DM112.60.

They rose DM2.8 to close at

regions such as Asia-Pacific.

- THURSDAY JULY 10 1997 --

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-1.0 324.16 253.61 3355.99 340.55 0.5
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aprising an exceptional Art Investment portfolio of

Siemans insisted the downgrade would not affect and cut costs "so far have its financing terms. It said it proved insufficient" to comwas generating strong

The agency cut the credit "axceptional balance sheet rating on Siemens' long-term strength and liquidity" but that this would deteriorate in the medium term. It said "The gradual expansion of Siemens' husinass activities into the

hen the founders of Mainframe Entertainment

started work on their dream

cyber-studio, they were

forced to work from their

kitchen tables. Just a few

years later, the fruit of their

labour is spilling out of tele-

vision sets into living rooms

Little known outside ani-

mation circles. Mainframe is

the Canadian technology

and entertainment company

that produces the hit com-

puter-animated television

series Reboot, about to enter

Producing 3-dimensional

images generated by three

British graphics specialists

who are the soul of the com-

pany, Mainframa can create

its shows faster than any

other in the business. But

with mighty US competitors

such as Disney, Pixar and

DreamWorks, it has its work

The detailed facial expres-

sions and human storyline of

Reboot have excited children

in over 50 countries. The

series, shown on ITV in the

UK, pits human-like sprites

and malicious beast-like

viruses against each other in

But few adults are familiar

with the force behind it.

When Mainframe shares

began trading on the

Toronto stock exchange

three weeks ago, few ana-

lysts had heard of Main-

Siemens disputes debt downgrade

The FT/S&P Actuaries World indices are owned by FTSE International Limited, Goldman, Sector & Co. and Standard & Poor's, The indices are compiled by FTSE international and Standard & Poor's in conjunction with the Feculty of Actuaries and the institute of Actuaries. NatWest Securities Ltd. was a co-founder of the indices.

the innards of a computer.

cut out to remain a leader.

around the world.

its third season.

emerging markets to pursue growth will lead them into areas of fierce international competition with rising pressure on overall margins." It said the company's

efforts to raise productivity pensate for lower prices of growth in emerging market many of its products in emerging and industrialised Moody's said Siemens had countries.

0.6 287.97 242.49 308.62 285.60 0.6 1.65 337.14 296.56 240.26 308.82 263.87 340.71 233.09 243.94 -0.3 246.23 200.38 255.20 289.40 -0.7 2.47 281.05 247.21 200.30 257.43 261.19 282.11 204.71 211.45 -0.5 378.68 308.46 390.30 426.27 -0.8 1.73 430.94 378.06 307.13 384.73 428.51 430.94 291.45 303.00 0.0 195.08 109.83 440.00 111.47 0.2 1.27 153.61 135.29 109.62 140.89 111.25 164.03 127.16 164.03 -0.2 181.48 147.89 188.09 167.10 -0.3 1.95 205.92 182.01 147.48 189.54 167.61 208.00 173.55 183.68 0.6 318.72 257.74 228.25 359.72 0.6 1.67 358.35 315.21 253.40 328.24 357.53 362.23 248.65 260.16 -0.1 225.27 162.01 126.73 279.85 270.96 -1.1 1.82 256.08 225.25 182.51 224.56 245.77 255.23 185.65 192.82 -0.1 270.01 216.73 279.85 270.96 -0.1 2.75 307.62 270.59 219.25 281.78 271.32 320.65 268.97 285.17 -0.1 185.08 150.60 181.00 174.24 -0.2 1.83 200.88 185.49 150.30 193.15 174.66 211.77 178.94 185.16 0.2 225.12 183.20 233.32 225.61 0.2 1.61 255.66 224.88 182.21 234.16 225.22 257.28 189.58 207.68 0.3 285.92 232.85 233.32 225.61 0.2 1.61 255.86 224.88 182.21 234.16 225.22 257.28 189.58 207.68 0.3 285.92 232.85 233.32 233.85 0.1 2.00 324.57 285.49 231.32 230.03 326.57 233.10 242.84 0.3 285.92 232.85 232.85 232.85 0.1 2.00 324.57 285.49 231.23 297.30 314.23 326.57 233.10 242.84 0.3 225.92 232.85 232.85 232.85 0.2 1.00 242.84 0.3 245.85 232.85

FTSE GOLD MINES INDEX

Mr Andrew Griffin, analyst at UBS in London, said: a great impact on Siemens. The company is creeping higher hut it is a weaker restructuring story than other companies in Europe."

The downgrade came as Siemens worth \$300m.

The plant, in Volta Redonda in the state of Rio de Janeiro, is to be built for Press of Malaysia had

| Description |

"This decision will not bave

C\$18.7m for the year ended

The stock price has lan-

yesterday announced a new contract to build a steam power plant in Brazil with investment

Companhia Siderurgica Nacional, the largest steel per cent of the company, producer in Latin America. | pending a relaxation of laws

Thai finance hopes hit

keep expectations low: "f sequences in the rock group

The 'Rehoot' TV series is known to children in 50 countries

frame, which reported earn- guished since trading began.

ings of C\$334,000 That doesn't bother Mr (US\$243,139) on revenues of Chris Brough, Mainframe

Hopes of cleaning np Thailand's ailing financial sector were deal; a blow when only four of the country's suspended finance companies announced rescue plans by yesterday's central bank deadline. That financial authorities had hoped for an infusion of foreign cash to help the sector.

That doesn't bother Mr

president and chief execu-

tive officer. He prefers to

CMIC Finance and Securities said New Straits Times offered to buy more than 51 per cent.

want to under promise and

over deliver. I want to build

Mainframe, based in Van-

couver, hopes to add another

one or two television series

to its production schedule

this year and sign a movie

deal for "The Sign of the

Seahorse," a children's story

pany is in discussions with

important movie studios to

produce big-budget comput-

But it is Mainframe's suc-

cess in television that has

sparked excitement. Using

Silicon Graphic computers to

power a combination of com-

mercial and proprietary soft-

ware the company can gen-

erate detailed, vibrant

While the producers of the

graphics at its unique speed.

hit movie Toy Story took four years to create about 80

minutes of imagery. Main-

frame has been producing 16

episodes of Reboot, or 320

The company has pro-

duced a second series called

Beast Wars and has formed

strategic alliances with sev-

eral groups which can help

it take its product to the hig

screen and beyond, includ-

ing one with Alliance Com-

munications, the Canadian

One of the artists, Mr lan

Pearson, enjoyed interna-

tional acclaim for creating

the computer-generated

distribution heavyweight.

minutes, in a single season.

er-animated pictures.

set in a coral reef. The com-

incrementally." he says

CMIC which has a strategic alliance with Merrill Lynch, would have to raise its registered capital by at least Bt500m (\$17m), Securities said it would sell

half its equity to undisclosed foreign partners after French Lyonnais sold its 25 per cent stake. The company will central bank's suspended double its registered capital list, Finance Ooe and Gento Bt1.2bn, executives said. Thai Financial Trust said failed to make announce-Repco Holdings of Malaysia ments.

which limit foreign holdings and Asla Securities of of finance companies to 25 Taiwan had each offered to buy 25 per cent of the com-Company executives said pany. That Financial is pro-

Dire Straits' video entitled

The artists moved to Van-

couver in early 1993 to avoid

the cost of importing high-

end equipment into England

- and to take advantage of

the tax breaks granted to

foreign businesses creating

der. While Its proprietury

software has put il about four years ahead of the

industry by some estimates,

US giaots such as Disney.

Pixar and DreamWorks SKG

have developed their own

computer animation capabit-

ity and could eventually

Having spent C\$30m in

research and development

costs. Mainframe is tiny

there is no guarantee tt can

Mainframe's challenge is

twofold: not only must it

provide viewers with excit-

ing graphics and compelling

stories, the group must also

enhance its existing technol-

ogy and develop new pro-

cesses to survive in the com-

petitive and fickle entertainment industry,

Scott

Morrison

stay a step ahead of them.

overtake the leader.

Money For Nothing.

empioyment.

small Thai commercial hank. which would take a 51 per cent stake and briog in a investment bank Crédit group of foreign investors. Two hig companies on the

posing to raise its registered capital by almost Bt1hn to Bt1.5bn through the deal. Country Finance & Securities said it would be takeo CL Sahaviriya Finance & over by Laem Thong Bank, a

eral Finance & Securities.

Fifa seeks meeting on World Cup row

By Frederick Stüdemann In Berlin and Jimmy Burns in London

Fifa, footbaii's world ainframe's real competition lies south of the bor. governion body, is seeking a meeting with Kirch, the German media groop, and Sports/ISL, the Switzerland based marketing company. in an effort to defose a row between the two companies which is threatening the future of one of the higgest TV sports deals.

The organisation is understood to be increasingly worried that the dispute may split the partoership between the two companies which jointly won the SFr2.8bn [\$1.93hn] contract compared with the well-known studios and for the TV rights of the 2002

and 2006 World Cups. The dispute arose when it emerged that Kirch had appointed Prisma, a Swiss company set up hy former executives of ISL, to market the TV rights for the 2002 and 2006 tournaments. The German group has also taken a 25 per cent stake in

Prisma. ISL last month lost a legal hattle against the executives who left the company for Prisma, after claiming they had "breached non-compete" clauses in their con-

tracts by setting up a rival marketing company Kirch's appointment of Prisma has been challenged by ISL, which claims the

involvement of a third party in marketing the rights would need its agreement and that of Fifa. Fila this week warned Prisma it was not entitled to

consider it party to the deal. It emerged yesterday that relations between Kirch and iSL bave been strained by disagreement over details of a meeting with Fifa in May over the TV rights.

Mr Dieler Hahn, Kirch managing director, yesterday denied the appointment of Prisma was in breach of contract. "It was agreed that every partner was free to chose who would carry out their duties for them." be

FT BY INVITATION

Indian Ocean Cruise and Masai Mara Safari with JDF Jones, former Foreign and Weekend FT Editor

Sunday, October 12 to Sunday, October 26 1997



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Tour Praslin, sail to Madagasca Leisure and lectures at sea Tour 'perfumed island' of Nosy Be, Madagascar Tour Mayotte, Comores Day 13 Laisure and lectures at sea Tour Zanzibar, Tanzania, sail to Mombasa Day 15 Depart Mombasa to Heathrow via Basle

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FINANCIAL TIMES No FT, no comment.

Indian Ocean Cruise and Masai Mara Safari

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Weekend July 12/July 13 1997

France cancels sale of Thomson-CSF

By David Buchan in London

France's Socialist government yesterday cancelled the privatisation of Thomson-CSF and said it would find another way of integrating the electronics company into the European defence sector while keeping it under state control.

The move had been clearly signalled by Mr Lionel Jospin. the prime minister, but will still come as a blow to the two rival French bidders for Thomson - the Alcatel telecommunications and engineering group and the Lagardère conglomerate - and to others in the European armaments

The previous rightwing Juppé government, which launched the privatisation last year, had last April harred General Electric Company of Britain from making a solo bid for Thomson-CSF, but encouraged the UK group to team up

the prime minister's office said end the privatisation procedure because it "did not preserve the interests of the state. the company or its employ-

It said that "in the coming weeks" it would come up with "an industrial solution" to make Thomson-CSF part of "a French professional and electronics grouping with "a decisive public shareholding

Mr Jospin, flatly against privatisation during the election campaign, bad recently appeared to waver on the issue, indicating a readiness to pursne the partial privatisation of France Telecom

planned by the Juppé regime. Earlier comments by Mr Jospin that, while refusing to surrender control of state-owned defence companies, he would allow "adaptstions" in these companies had kept bopes alive in Lagardère and Alcatel that they might be able to take

a share of Thomson-CSF. But the government had decided to the state could hardly reduce its 58 per cent share ln Thomson-CSF much if it intends to keep a "decisive"

> impasse Thomson-CSF, Europe's largest defence electronics group has effactively blocked the wider restructuring of the European arms industry, itself lagging far hehind rapid rationalisation and mergers in the US. The formal cancellation of its sale may now threaten some of the alliances formed around the planned

British Aerospace and Daimler-Benz Aerospace bad forged closer alliances with Lagardère in order to form a consortium bid for Thomson-CSF. GEC bad said it would enter negotiations with whichever company bought control of Thomson-CSF.

France tha exception in

Christie's set to be top auction house

By Antony Thorncroft

Christle's, the fine art auctioneers, has almost certainly overtaken Sotheby's to become the world's largest auction house after a hooyant first half that saw the auction sales rise 23 per cent in dollar terms (15 per cent in sterling) to \$908m (£557m).

The rise in sales to the highest level since the art market peak in 1990 was largely due to the recovery in demand for top quality Impressionist and Modern pictures. Sales in this sector were 68 per cent higher at \$285m, with a contribution of \$92.8m coming from the collection of John and Frances Loeb at a New York sale in May. This auction provided the top lot of the six months. \$23.1m paid for a portrait by Cézanne nf his wife.

Christie's appeared set last year to overtake Sothehy's when its auction sales rose by a fifth to £1.1bn (\$1.85bn) while those of Sotheby's declined 4 per cent to \$1.6bn. Other sectors to improve for Christie's in the first half were Asian art, up 37 per cent at \$63.8m; 19th century plctures, 26 per cent higher at \$47.9m; and contemporary art, a 14 per cent gain at \$55m. In all, 75 works of art sold for more than \$1m each against

59 in the first half of 1996.

New York bas confirmed its position as the leading centre for art sales, accounting for \$520.5m of Christie's turnover. Activity in London was slightly lower, although Christie's South Kensington, which deals in medium priced antiques, increased sales by 14 per cent to \$63.37m. London's status was boosted subsequently by sales in St James's in the first 10 days of July. They brought in \$54.08m with two chairs and two sofas made by Chippendale to designs by

Adam selling for \$5.5m. The highlight of the second ball for Christie's will be the sale of the Ganz collection 20th century art, the greatest collection of paintings in this sector to be offered at auction, in New York in November. It is expected to bring in more than \$125m.

THE LEX COLUMN isconcerting

All those telephone lines and still no communication! The most disturbing aspect of MCI's profits warning is that it took its partner, British Telecommunications, completely by surprise. The two, after all, have seats on each other's boards and are - regulators willing only months away from a \$20hn merger.
Despite this blow, BT is unlikely

to pull out of that merger. Gaining access to the US market through MCI is supposed to be a vital part of its global strategy and tha two companies' international product lines are linked through the Concert joint venture. Abandoning MCI would also dub BT short-termist. reducing its attraction to other telecoms partners.

There is a clear case, however, for renegotiating the merger terms to take account of the drop in MCI's value. Extra spending to break into the US local telephone market, coupled with problems in its core long-distance business, will cost MCI an unforeseen \$1.8bn over the next two years. That translates into earnings downgrades of 30 per cent for this year and 45 per cent for 1998. Admittedly, BT's value has also fallen thanks to increased pension costs following the Budget But the effect on earnings is less than 5

MCI's management is bound to argue that its redoubled efforts in local telephony will give it a lead over long-distance rivals AT&T and Sprint and maka it a stronger company in the end. Privately, it may even admit to BT that its estimated iosses have been inflated to scare the regulators into action against foot-dragging by the Baby Bells. But none of this should sway BT's management, which has a duty to minimise dilution for its shareholders. After yesterday's share price falls - 15 per cent for MCI, 8 per cent for BT - MCTs price is nearly 15 per cent below that assumed in

the merger. And that can no longer

plausibly be blamed on regulatory

risk. BT should insist on shaving

the terms by at least 15 per cent. That should somewhat placate BT investors but it still gives them plenty to mull over. For a start, MCT's management judgment looks questionable. It has completely misjudged the costs of breaking into a new market, while AT&Te warning was experiencing in local telephony serious issue is the damaged crediFTSE Eurotrack 200: 2645.1 (+21.2)

partner's problems. The biggest question of all is whether the two teams will be able to work together effectively after this shock. Crossborder mergers always involve a degree of culture clash. But usually the companies have at least merged before it starts.

British Airways

At first sight, British Airways' industrial relations tensions look a mystery. Take this week's cabin crew strike, BA wants efficiency gains saving £42m (\$71m) a year; the union agrees changes worth this much are needed. So why do

we have this costly melodrama? Expensive it certainly is. The union's claim that the dispute has so far cost BA £200m looks overblown. But suppose BA is losing half its £24m daily revenues; even if the airline is saving some costs, a day's strike probably hits pre-tax profits by £10m. To this should be added the additional loss of passengers switching future bookings last year's threatened pilot strike cost £15m this way. Then there is the cost of the airline's pre-emptive measures, not to mention a likely marketing campaign to persuade customers back once the battle is over. All told, three days' strike has probably cost something like 250m-£60m before tax - getting on for 10

per cent of annual profits. From one perspective, this is clearly a price worth paying. BA's business improvement programme value. If this requires BA to spend recovery will require evidence that seems to have passed it by. Another some money withstanding a strike, the more stable industry and ecomany investors will think, so be it. nomic backdrop is translating into

the American Airlines alliance goes through, further blood-letting is inevitable. This would be a great deal easier if the unions could be beaten into quiescence.

The snag is that such a clear-cut

outcome looks far less likely than a fudge. If anything, indeed, BA's rhetoric is softening. Of course, in the end the airline may well be abla to claim its £42m savings, together with the contracting-out of catering. But the union will not only, presumably, live to fight another day but it will have demonstrated that it does have real support and can inflict serious damage. It will, in short, have strengthened its negotiating hand in the inevitable battles

Food retailers

Panicky fund managers seeking refuge from strong sterling have been piling into the food retailers. The sector's largely domestic focus has belped it outperform the market by 10 per cent since the Budget. Mostly this reflects investors' defensive mood. But the sector is also seen as heing a relative winner from Budget tax changes, while a good trading statement from J Sainsbury bas buoyed spirits

With the sterling effect still not fully in the market, the default case for buying food retailers remains attractive. But are there other reasons for being positive? Certainly, a welcome air of stability has returned. The big four - Tesco. J Sainsbury, Asda and Safeway appear to bave discovered bow to live together profitably: by grabbing margin from the sector's minnows. All four are increasing like-for-like sales, and with only 44 per cent market share between them further gains are achievable. Gross margins are also steady, with the increased portion of high value, non-food items offsetting higher costs from improving service.

Given the sector's accident-prone past, investors would do well not to get over-excited. Much of the roughly 12 per cent discount to the market has been wiped away over the past week. Still, without an outbreak of price-cutting recidivlsm, the sector's relative appeal should provide the rerating with further bility of BT's management, which Furthermore, this cost-cutting more robust earnings growth.

Chrysler's income halved by strike and competition

By Richard Waters in New York

The strike at a Detroit engine plant that shot down a number of Chrysler's assembly lines this spring cost the company \$730m before tax, it emerged yesterday.

The effects of the dispute, along with fiercer competition in the US automobile market. led the country's third biggest car and light truck manufacturer to report a 53 per cent drop in net income for the second quarter to \$483m, or 70 cents a share - broadly in line with analysts' expectations.

The dent to Chrysler's earnings will be echoed next year before. Wednesday by General Motors, which has already said that strikes have cost it \$490m this

Only Ford, which is finally reaping the benefits of a costcutting programme and the launch of a range of more prof-

Asia Securitie

Bloomberg

Blockbuster Vide

British Telecom

Country Finance

Crédit Lyonnais

Energy Group

Finance One

CL Sahaviriya

CMIC

Christie's

Chrysler

Eagles

Companies in this issue

Formula One

GEC

Hyundai

ICI

ISL

Kirch

MCI

Mackie

Lagardère

London United

Merrill Lynch

France Telecom

General Motors

Laem Thong Bank

24 23

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ttable models, is expected to record a rise in earnings compared with the same period

in Chrysler's case, the earnings decline came on a \$1.4bn fall in revenue to \$15.8bn. Even without the strike and other one-off issues, earnings

for the period would have been

down 12 per cent, reflecting the recent slowdown that has hit new vehicle sales in the US after a strong start to 1997. This has contributed to greater competition on price. eating into margins. Chrysler's

overall after-tax profit margin in the period was 3.4 per cent, down from 6.5 per cent the The company said the incentomers cost an average of \$980 a vehicle in the latest quarter,

up from \$705 in the first three months and \$625 the previous The huge popularity of the

Prisma

Rouglé

Son

Thomson-CSF

23

22

22

Repco Holdings

company's Jeeps bas come under attack recently from a new wava of competition in the sport utility market, putting the profitability of its vehicles under more pressure. "The market has...become

significantly more competitive than we expected earlier in the year," said Mr Bob Eaton, chairman of Chrysler. He added it had taken steps to reinforce its profitability by putting a temporary freeze on hiring, cutting overtime and travel, and delaying some capital spending.

The decline in earnings per share from the previous year was limited in part by the company's heavy share repurchase programme, which has outstanding by 9 per cent from last year. The company spent another \$410m on its own stock in the second quarter. adding to the \$587m it spent in the first three months.

Markets latest FTSE 100: _____ FTSE Eurotrack 100 FTSE AT-Stere (481.7) IN STERLING New York functions : \$ 1.6915 New York: tunchthe Dow Jones Ind Ave S & P Composite 2,4738 E LONDON MONEY ∑ tndex 3-mo interbank . Life long gilt fut: (Sep11432 OLLAR New York lunches DM 1.7755 FFF 5.08* SFT Y II US LUNCHTIME RATES 1.7725 5.98395 1.46325 113.835 Federal Funds: 3-m Trees Siles: M NORTH SEA OIL (Argue 1,7998 5,9750 1,4598 113,856 102,8 (18.09) E COLD New York Com (320.2) (319.65)

Europe today

A mixture of sun and cloud is expected for most of north-we

The Benetux and north-easte France may have local showers or The UK will have some sunny

periods, but Ireland and Scotland Southern France and Spain will have sunshina. Most of Italy will be sunny, but the north will have some clouds. The Alps will be showery. The interior of the Balkans will have rain and thunder showers. The coast will

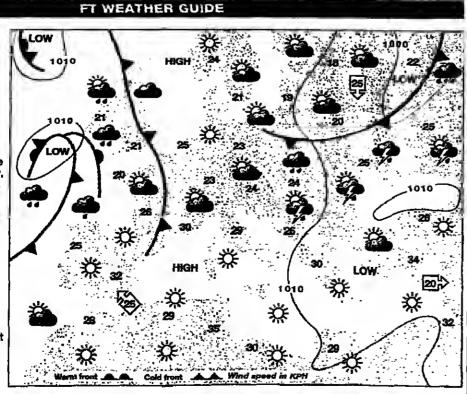
be sunny. Ukraine and southern Russia will have rain and thunder showers.

Five-day forecast

The UK will have showers or rain on Sunday, but most of north-western Europe will stay dry. North-western Europe will become

Northern Spain and France will have

unsettled in the first few days of next rain. This will spread to the Benelux, Germany and the Alps later.



sun 28 fair 26 sun 25 fair 26 sun 22 fair 27 sin 32 fair 30 fair 30 fair 30 sun 48 sun 48 sun 48 sun 27 fair 24 sun 25 fair 25 fair 26 sun 25 sun Méjorce Mélla Manches Manhs Manches Manhs Mexico Merni Minnteal Moscow Munich Naples Nassau Nasva Yori Nice Paris Perth Prague Reykjevik
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Welkington fair 24 sun 29 **3un 22** rain 25 sun 29 fair 20 We wish you a pleasant flight. Lima Lisbon London sun 33 fair 24 fair 26 fair 19 fair 22 Lufthansa





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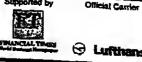
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Confederation of Indian Industry









منكذا من الاعل





in a jam

'This year will probably go down in the annals of soft red fruit history as a wash-out.

Page XIX



A mind unmade-up

'Maybe it's time to sell. But without Body Shop what am I worth? I really need to go into therapy about this.'

Page III



Kangaroo land

'The sailors found the shoreline thronged with large, curious kangaroos. Four-page focus on Australia

- Pages XV-XVIII ————

Voyage into the void

For two years, eminent novelist Alan Garner lay paralysed by despair. Then he embarked on a quest to find the roots of his condition

am illiterate: musically that is; yet music has always been a necessity. I listen. It is never a background, and I could not work if any were being played. And, though I have no favourite, I tend to listen to the same place over a long time, until something else takes its place.

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PAR ELECTION OF

I had just finished writing an educational film, Images, and the music that had coincidad with that time was Benjamin Britten's Serenado for Tenor and Horn. The combination of horn with the timbre of Peter Pears' voice was seductively lovely. It was the late morning of April 16 1980, and I was lis-

tening to that record. In mid-phrase, everything changed. The born and the voice were a threat, seductive still, but seducing me with death. I had to switch off quickly and get out of the

The next thing I remember is that I was standing in the sunlit kitchen, looking over a green valley with brook and trees; and the light was going out. I could see, but as if through a dark filter. And my solar plexus was numb

Some contraption, a piece of mechanical junk left by one of the children, told me to pick it up. It was cylindrical and spiky, and had a small crank handle. I turned the handle. It was the guts of a cheap musical box, and it tinkled its few notes over and over again, and I could not stop. With each turn, the light dimmed and the feeling in my solar plexus spread through my body. When it reached my head, I began to cry with terror at the blankness of me, and the blank-ness of the world.

A scene from Eisenstein's Alexander Nevsky swamped my brain: the dreadful passage in which Nevsky dupes the Teutonic Knights on to the frozen lake, and the ice breaks, and their faceless armour takes them under. The cloaks float on the water before being pulled down, and the hands chutch at the ice floes, which flip over and seel in the knights. All that helplessness, cold and horror comprised me. I was alone in the house, and throughout the afternoon I turned the tinkle tinkle tinkle of the broken toy, which became the sound of the ice My body was as heavy as the armour and the waterlogged

Whan the family came home, I was lying on the kitchen settle, in a foetal position, without moving or speaking, until I went to bed at midnight. Sleep was unconsciousness without rest until the morning, when I had to face what I now dreaded: the camera and the crew, and speaking into an unblinking lens to communicate with millions of people on the other side of it, to generate emotional energy

from my dead heart. I was incapable of emotion, I had no worth. I poisoned the planet I noticed, but did not wonder at, how the finished film showed none of this.

The following year, Images won First Prize at the Chicago International Film Festival; but by that time I had spent 12 months of 12 hours each day on the settle, my face to the wall, waiting only for the 12 hours in bed. My small children would, instinctively, stroke the back Jamison, Associate Professor more than half through psy- returning to "normality", yet could remain a necessary,

Their stroking was the only thing that reached me. The doctor diagnosad

"endogenous depression". depression without external cause, and prescribed, progressively, the pharmacopoeia of antidepressants. None of them worked. For two years I lay either in the kitchen or in bed. My only feeling was of a wretched superfluity. I was the grape skin after the harvest, and even that gave ma the weight of reality I did not

been about?

ter from a Dr Kay Redfield

sonal experience more than

The prevalence rates for

If I could live with this selfloathing, and see it as a sig-

There were tough periods during the first six years,

creative process.

but not the bottomless pit. They lasted hours, days, but not often weeks. The importance lay, as I faced the wall from the settle, in knowing that: a) this would pass; b) there was nothing I could do, so I should go with its purpose: c) it would also, having passed, return; d) it would In 1989, after six years of

working and living on this unstable raft. I sensed the ice floes tinkle again, in the distance. I took myself off to the doctor once more and he asked about the rhythms of my work patterns, checked the encyclopaedia of my medical notes and said: There has been a misdiagnosis. You are clearly manic-depressive."

I then undertook the via dolorosa of arriving at the correct level of lithium carbonate for my body, the only drug to control manic-

From here I must be careful to differentiate between the personal and the general, because manic-depression is only a simpla label for a complex and varied condition. My only qualification for writing is that I hava found ways to live a profitable life with a most dangerous and, so far, incurable condition, and I have read the literature.

there was a tendency for cretinue with lithium. The freedom from the "lows" did not compensate for the loss of me. There was no stress, no grief, no animation, no laughter, no thought, no ideas. I was socially safe and could be taken anywhere. I stopped work. I had no interests. I thought, "If this is normality, give me back my madness." After three months, I refused to continne with the lithium.

However, I started work again, and research for my novel involved me in anthropology: embracing the philosophy of the highly sophisticated so-called primitive society of the Australian Aborigine. They believe that the cosmos is built of nine temporal dimensions, all simultaneously present. Four years into this discipline, I became consciously aware that I had had no

manic-depressive episodes. At one level, I still go through the cycle every 24 hours, but thet level is low. Every morning, I go through a depression. It is slight, and normally lasts minntes. But it can threaten worse, so I always check, with a mea-

sure of my own devising. I am amazed thet one of the stone flags of the kitchen floor has the fossil footprints of a small dinosaur on its surface. When I feel myself entering the blackness, I look at the footprints. If my reaction is still of awe ("How terrific to have this frozen moment of 200 million years ago still activa!") then I know that the blackness is a railway bridge flicker, not a

tunnel. If the reaction is a panicky: "How can you bear not to be able to move for 200 million years?" I take that as a warning, and apply one of the "primitive" mental exercises concerned with the handling of time. I side-step.

I am not complacent

True Fiction

though unpleasant, part of a Manic-depression is not always a cyclical or wavelike phenomenon. To hit "low" when "high" can be fatal. The greatest threat is of suicide. Between a quarter and a half of sufferers are going to kill themselves, if

> The condition is genetic. In my case, its pattern is clear, through my maternal line, for 150 observable years, though never diagnosed until now. Usually, we have been "under the doctor with nerves".

something is not done.

Manlc-depression can ambush. Most sufferers take precautions. Winston Churchill, for instance, always stood as far away as possible from the edge of a railway platform. I try never to be out of instant reach of a sympathetic mind. There is

'Freedom from the lows did not compensate for loss of the highs . . . I refused to take the drug'

something of a joke here. I am by nature a loner. I find my own company stimulathe literature. ing. I abbor cities, crowds
Dr Jamison found that and social events. I seek the isolation of woods and hills. dor. 1996), an uncompromiscially, never to be out of rience reach of the safety that one manic-depression. It is the human being, who need not bravest, and the most hopethe "highs". So it was with be in the same room, ful, document that I have

It is hard for the family to stand by belplessly and watch the pain inflicted by depression. But there is a worse helplessness for tha family, and that, strangely, is the "high", not the "low", since the sufferer is so energetic, so persuasive and perappealing to reason.

Contrariwise, if there is reason and it can be appealed to, then everyone may share in the excitement because the "high" could have produced something new, and good.

It is all a matter of halance. The fortunate manic-depressive invents a device thet benefits humanity, discovers a cure (perhaps, one day, for manic-de-pression, should that be desirable), or creates a work of art. The unfortunate manic-depressive "sees" as does the fortunate: but it is not a true connection, and there is not available, in the degree of insanity, the logic to think out the absurdity. The connection then is more likely to be: "I shall buy 200 lawnmowers and solve the problem of global warming."

The differences are so slight. If you alone can see the "truth", you need good friends who understand that you have "knowledge that is sad to have to know". I am only a writer, a maker of dreams. You can dismiss me and no harm is done. If I were your lawyer, or your bank manager, it would have been imprudent of me to

Kay Jamison, however, now Professor of Psychiatry at the Johns Hopkins University School of Medicine, having established her position as world authority on manic-depression, wrote An Unquiet Mind: a Memoir of Moods and Madness (Picaing account of her own expe

ever read. it made me, after 16 years. dare to put on that record of Serenade for Tenor and

The Voice That Thunders, a collection of essays and lectures by Alan Garner, is published this month by The snaded, that there is no Harvill Press, (£8.99 paperback, 244 pages).

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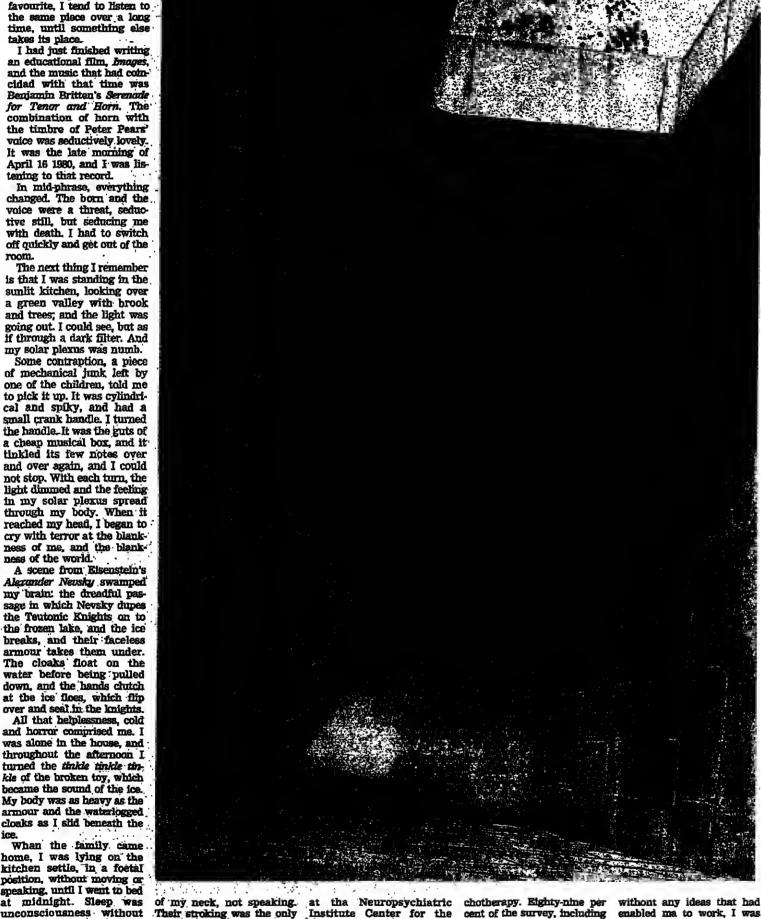
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Then, one morning, almost two years to the day, I woke to find that I had come back. It was instant. Nothing was wrong. What had all the fuss

Not long after, I had a let-

Institute Center for the Health Sciences at the University of California, to ask reported periods of high prowhether I was willing to take part in a survey of mood disorders and patterns of creativity in "eminent" British writers and artists. The prolific intensity of Dr Jamison's c.v. suggested that the doctor knew from per-

she was saying. The subsequent analysis of the data revealed that 38 per cent of writers and of artists had been treated for a mood disorder, of whom 75 per cent had had antidepressants or lithium prescribed, or had been hospitalised. For poets, the figure was 50 per cent on lithium; 63 per cent of playwrights had been treated for depression, and

cent of the survey, including all novalists and poets. ductivity, lasting usually between two and four weeks.

manic-depressive and depressive illness in the general population were 1 per cent and 5 per cent respectively. At least I was not alone. And, with greater understanding, I could see that the whole of my life had had a pre-echoing pattern, at a low level, of mania and inertia. But why had this pattern become, without an apparent trigger, a full-blown state of near-catatonia and wretchedness, in the form of cold selfloathing for me, and desperation for my family? I was soon to find out.

Fourteen months after nal to let the waters rise, it as it were, the blackness.

this week's contents and columnists

hit as unexpectedly by the most demanding task of my

life: the writing of my novel

Strandloper. This occupied

me, at full stretch, for

almost 12 years. I was firing

on all cylinders, including

many I did not know I had.

The stress, though different,

was no further from the

unendurable, either for me

or for tha family, than the

two-year dark. But It was

exciting and it was positive.

And that gave me a clue. I

pacitated, in order to build

the energy, to fill the reser-

voir, that would be needed.

The analogy with an

enforced hibernation fitted.

had had to be totally inca-

The evil shrub 'My doctor says I have floral paranoia. I can't sleep for fear of shrub-strangling nightmares.'

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s Guide		XXI	Perspectives	II-IV
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dge Chess C	roesword	#	Joe Rogaly	
shion		X	Science	
od & Drink		XIX	Smail Businesses	II
rdening		XII	Sport	
M 10 Spend	R		1/2/6/	AAU AAU



Joe Rogaly School for idealists

'What is doubtful is whether there are enough saints to act as buddies or mentors.'

Page III

Page XXIV

of the world's climate forecasters.

the strange phenom-enon of El Niño is back. A

buge mass of warm water has built up off the coast of

Peru and Ecuador over the

past two months, signalling

another episode in the periodic - but unpredictable -

series of disruptions to the

normal circulation of the

It is less than three years

given to the current of warm

water - last appeared. It

lasted with little interrup-

tion from 1991 to 1994 - an

unprecedentedly long period.

In previous decades, El Niño

has typically lasted for a

year or two and recurred

every four to seven years. So

far climatologists have had

little success in predicting

El Niño has lts greatest

effect on countries bordering

the Pacific, although many

parts of the world are likely

to feel its impact over the

Tha western coastline of

its ebb and flow.

tropical Pacific Ocean.

PERSPECTIVES

The Nature of Things

When hurricanes hardly ever happen

El Niño has reappeared in the Pacific. But not all its effects are negative, says Clive Cookson

the Americas will be excep- Oscillation. In the ocean, the Chile. On the other side of since El Niño - the name threatened by severe

> Archaeological evidence from Peru suggests that El Niño has been occurring since about 3,000BC. The Spanish name, meaning "the boy" or more specifically the baby Jesus, was originally given by local fishermen who often noticed the first appearance of warm water

> The ultimate cause of the phenomenon is a mystery. El Niño is part of a complex interaction between ocean and atmospheric circulation in the tropical Pacific. known as the Southern

tionally wet, with a risk of overall effect is something flooding from California to like water sloshing up and down a bath that is hot on the Pacific, Australia is top and cold underneath, says Mike Davey, an El Niño specialist at the UK Meteorological Office.

One immediate cause of El Nifio is a reversal of the prevailing trada winds that normally blow from east to west of the Equator. When El Niño is absent, the winds pile up warm surface water in the region of Indonesia and Australasia, while cold water wells up from deeper levels off south America. As a result, the sea surface is normally about 8°C cooler (and half a metre lower) in Ecuador than in Indonesia.

The cold water is laden



ocean depths and it supports rich fisheries. But it gives

the South American coast a

generally dry climate, while

with nutrients from the water on the other side of the ocean drenches Indonesia in plentiful rainfall. When El Niño occurs, the trade winds slacken or even rising air over the warmer reverse direction. As a

longer supports the upwell- flooding in eastern Australia ing of cold water off Peru and drought in Peru. But and Ecuador - and the fish die of starvation or migrate south to Chile. Ocean surface temperatures rise by several degrees, faeding sock the Peruvian coast.

wind directions reduce rainfall on the other side of the Pacific. There is a strong correlation between El Niño and severe drought in Australia and Indonesia.

At the opposite extreme of La Niña (the girl). Then the easterly trade winds intensify and even colder water wells up off the south American coast. The meteorological effects of La Niña are

result, the circulation no opposite to those of Ei Niño: this phenomenon is not so common; La Niña lest appeared strongly in 1968-69.

- El Niño affects the global atmospheric circulation and moisture into clouds that influences weather well away from the Pacific. Most Meanwhile, the changing but not all of the effects are

One good thing is that El Niño reduces the number of destructive hurricanes in the Caribbean region, says Mark Saunders, a climatologist at University College, London. the Southern Oscillation is. This is because high-level westerly winds blow more strongly from the Pacific into the Atlantic, shearing the tops off storm clouds before they can develop into

According to the US National Oceanic and Atmoworldwide economic cost of tha 1982-63 El Nino - the most intense on record -was at least \$8bn (£5bn). Peru was hit hardest, with economic output cut by 12 per cent through destructive flooding and the collapse of fish stocks.

No one knows whether global warming - caused by human activities, particularly the burning of fossil fuels - will produce more frequent and more intense El Niños, though some climatologists believe so on the basis of computer modelling.

However, there is definitely a converse effect, at least in the short term: El Niño temporarily increases the average global temperature by pumping more heat out of the tropical Pacific. It would not be surprising if this effect, on top of a general warming trend, made 1997 and/or 1998 the warmest years for the world as a whole since records began in the last century.

Minding Your Own Business

Head in the clouds, feet on the ground

From its base in Milton Keynes, SuperSkyTrips plans to take on the world. Its founder tells Angela Bleasdale of his lofty ambitions

rock-climbing or that ultimate in adrenalin rush. the bungee-jump. Those in search of a bird'e eye view without the daredevil heroics should take a got here is a modern, passen-more leisurely ride to the ger-friendly version." be skies. Not surprisingly, Robert Ollier suggests his company has the answer. He is managing director of Super-SkyTrips, which operates the UK's first - and, he claims, the largest - tethered passenger balloon.

Ollier's enthusiasm for ballooning began more than 15 years ago while he was marshalling at an RAC car rally. A bot air balloon appeared from behind a hedge, enormous and incongruous but instantly alluring. "I rushed off to the library to find out more, discovered there was a balloonist living close by - and it all started from there. It developed into a passion."

The passion has developed into SuperSkyTrips, an adventurous business that started trading in Milton Keynes, Buckinghamshire earlier this year from a parkland site near the town centre.

The helium-filled balloon, which can carry 30 passengers 650ft into the sky, has been designed and built by Per Lindstrand, crew member, designer and builder of Richard Branson's Virgin Challenge

The idea of a tethered passenger balloon is not new the first such balloon was hydrogen-filled and invented Frenchman, for the great Paris Exhibition. But hydrogen was problematic because of its bighly explosive

Helium-filled balloons while; the Ministry of Defence funds the Metereo-

orget paragliding, logical Office balloon at Cardington, Bedfordshire, for low-level weather research. But Ollier says helium-filled tethered hot-air balloons have been difficult to control in the past. "What we have

> Ollier has held a commercial ballooning licence since 1987. He has always worked for himself, for many years in the construction industry. but for the past 10 years has piloted bot-air balloons across Europe carrying spon-

We have sites in Athens, Kuala Lumpur and Madrid and will provide management teams'

sored advertisements for companies such as British Airways and American Air-

Ollier is the only company member with experience in ballooning, Stafford Pemberton, consultant on the project and a good friend of Ollier's, comes from a marketing background. Ollier and his wife Fiona, the company secretary, own 70 per cent of the company and are profit. its only two directors. Pemberton does not receive a salin 1867 by Henri Giffard, a ary but owns the other 30 per cent in return for his marketing expertise, project management and business development.

The balloon will be sited in Milton Keynes for six have been around for quite a months through the summer season; Ollier bopes to open other UK balloon sites this

year, including Blackpool before the end of the summer season, and London. Milton Keynes may not

seem the obvious site for a major tourist attraction but, says Ollier, it is close to the ML, so the balloon is seen by many people every day, it has good rail links and is in the middle of a huge conurbation. "We tried initially to get into major cities with a strong tourist base but planning authorities were overly cautious. All we had to show them were drawings," explains Offier.

Milton Keynes, on the other hand, liked the idea uct. The passenger platform, that it would be tha first suspended beneath the baltown to have a tethered bal- loon, is made of aircraftloon ride.

"We operata on average 65,000-70,000 customers over six months. Rides cost £10 per adult, £8 for senior citilast for 15 minutes - five does come down. minntes each for ascent and descent. We offer group and family discounts, and corporate days. There is no age restriction," says Ollier. The venture has required

a significant financial outlay. The Milton Keynes site has cost around £590,000 to establish - the balloon was the largest single cost at £450,000. The company cation, appointed by the employs 10 people, four part-time, most of whom work on site. But Ollier is confident of a projected

He has covered one-third of the costs himself with the other two-thirds coming from a private investor who, after two years, will receive interest competitive with bank rates - "but there are financing than would bave been incurred through a bank loan".

Setting up the company

process, from obtaining certification to fly from the Health and Safety Executive, to the manufacture of the balloon and finding leisure sites large enough to accommodate it. The inflated balloon stands 120ft high, is 75ft in diameter and has an internal volume of 6,000 cu m.

It is constructed from heavy canvas-like fabric and the seams, rather than being sewn, are welded together. Ollier says it has a high resistance to ultraviolet damage because it is coated with Tedlar, a Du Pont prodstandard stainless steel.

The balloon is tethered to four trips a day and hope for a hydraulic winch, which is powered by electric motors hidden underground. It controls the speed of ascent and zens, £6 for children, and ensures that what goes up

After testing by Lindstrand at his factory site in Oswestry, Shropshire, and a test flight at an old submarine hangar at the Cammell Laird shipyard in Birkenhead, Merseyside, SuperSky-Trips received a fairground ride certification.

The National Association for Leisure Industry Certifi-HSE, carries out random cbecks on the balloon and SuperSkyTrips has to maintain a daily log book. It is £1m turnover in the first insured for up to £25m year, reaping a 20 per cent against all risks including passenger liability, though "we were seen as a low risk because the balloon is

static," says Ollier. There are, however, restrictions on ite use Weather is the biggest limitation. "We have on average fewer strings attached to the 20 flying days a month in the UK. We can't fly in electrical storms but the balloon is safe in winds up to 25 knots and in rain," he says.



Robert Office: planning authorities in tourist cities were everty car

greater prospects. Ollier already regards the overse market as a potentially lucrative area for expansion. We have secured sites in Athens, Kuala Lumpur and

Madrid They will be set up

Countries with better as joint ventures and we will tion in setting ballooning weather should offer even provide e management standards and its stringent team," says Ollier,

The balloon and its ancillary equipment can be packaged into four shipping containers and transported anywhere in the world. "And because of the UK's reputa-

safety requirements, safety abroad is not an issue," he continues.

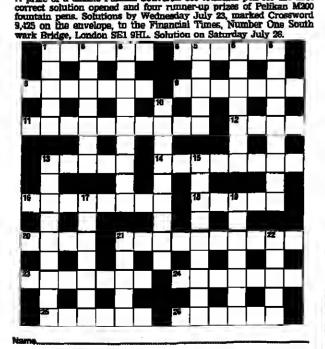
Establishing new sites, however, depends on the success of current sites. "One venture has to fund Fax: 01565 723444.

the next. We have financing options in place for the next three balloons, though, so we have a bit of breathing

■ SuperSkyTrips Ltd. Farmwood, Chelford, Cheshire, SK11 9AF. Tel: 01565 723555.

CROSSWORD

No. 9,425 Set by CINCINNUS A prize of a classic Pelikan Souveran 800 fountain pen for the first



WINNERS 9,413: R. Edwards, Bexley, Keut; N. Freake, London N19; G.L. Houston, Falkirk; Griselda Lewis, Woodbridge, Suffolk; J. Stobart, London SW10.

ACROSS
1 Winged boys from Sidcup (6) 4 Indian food found by central sea (6) 8 Detestable cur cast out (7)

9 One requiring treatment and prepared to wait (7) 11 Bird with drink, bird with vessel (10) Cheese made round (4) A composer some opera-

13 A composer some opera-lover digs (5)
14 Member of family of 10 (8)
16 Lacking tuition, NUT mem-bers take anything (5)
18 A revolutionary model for an old story-teller (5)
20 Orchestral overture accepted by dance band (4)
21 Odd avocations in Canada

(4,6)
23 Mean, for example, about following a woman (7)
24 No small company car ordered for a beast (7)
25 Pleasurable anticipation of faise heirs grabbing legacy tatticipation. initially (6) 26 Science initially puts an



DOWN 1 Sound money store (5) 2 Record turning up beneath

sack (7) Repudiating a pig that's eating out (9) Taken thus one is con-founded by a defender (5) 6 Sort of spear for eatching fish in river (7)

7 Lou is able to dance round a melon (9)

10 Account for musical rive naving flowed uphill (9) 13 Insurance for vehicle going round the bend in Canada

One taking excessive interest in Karl has no change 15 17 A trim laptop without soft

Wear? (7) 19 A clot is stupldly indifferent to pleasure and pain (7) 21 Information about American drink (5) 22 Jeremy presses clubs (5)

Solution 9,413

OTORHST DRAVERS I E O C E II E OMGENRO SCARED OMGENRO SCARED I R E R II OMGENRO SCARED OMGENRO DE MELLEN E O Y E

BRIDGE

There is no bldding diagram this week, for my partner and I embarked on such a circuitous route that to display it would equander untold column inches.

West was partly to blame for, when I rebid 3NT on the South cards, she promptly led 3♥ before my partner had This, naturally, was a red

rag to a bidding bull, and he proceeded to launch into a wild variety of cue-bids just to prove that the auction was not over until he said

♠ K 1086 ¥AJ96 **♦ A 10852** W ↑ A 5 8 ♥ Q 7 4 3 2 **4742** + J974 **♦ Q3** ₹ Q7652 ¥ 1043 ₩ K 108

♦ K5 \$ AKJ98 Finally, in 6NT, the play promises to be as serpentine as the auction. 3 lead is good news, furnishing a stress-free four tricks, bringing your total to 11. Run the lead to hand via East'e 59. ful 12th trick winning with 100 - keeping

When you attack spades. West wins with her At on the third round and exits with 2. East shows out, but you must be careful to win with Ky, which will allow a smooth finesse against West'e marked Q♥ later.

There is still no 12th trick

for certain but as both diamonds and clubs threaten to produce an extra trick the omens are good for a squeeze. West is marked with five hearts and three spades and is therefore short in the minors. Consequently, East is long in both minors and may come under pressure trying to guard them

Now is the time to unravel your tricks. Lead 89 and play dummy's J\ when West follows small Cash AY and two small clubs from hand. the other eminent chess Vic-East, though, is likely to torian who was the most tantly, he will probably part cash #AK and, when Q# does not fall, lead 64 to Death"; the winning coups

As expected by now, West produces Q+. East J+, and dummy's 104 is the wonder- New York 1889. As Black-

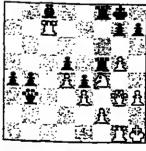
Paul Mendelson nent claimed my two

Howard Staunton, the great British 19th century player who gave his name to modern chess pieces, is at last to hava a proper memorial instead of an unmarked grave in London's Kensal A.O Green Cemetery. The artist and chess player H Barry Martin has created a

black granite tombstone, incorporating a Staunton pattern knight, which will be unveiled at liam on July 28 at Kensal Green, followed that evening by a £25 dinner at Simpson's-in-the-Strand, the chess centre of Staunton's time. FT readers who would like to attend can obtain further details from 98 Cole Park Road, Twickenham TWI IJA.

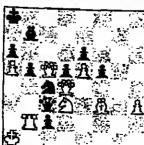
Barry Martin's next wish is to create a similar memo-Ke, on which you can pitch | rial to Joseph Blackburne, squirm, having to protect brilliant master of his time both \Jxx and \Qxx - reluc- and charmed ordinary players with his simultaneous with a small diamond. Now, and blindfold feats. This return to hand with K+. week's puzzles show why he was nicknamed "the Black seem to come from nowhere. No 1188

Blackburne v Lipschutz, burne sealed his white move at adjournment, his oppo-



passed pawns must win". Next day the referee played the sealed move, Black replied, and Whita's next turn forced resignation. Can you explain?

No 1189 Tchigorin v Blackburne, Vienna 1898. White threatens



Qa7 mate. How did Blackburna (to play) turn the

Solutions, back page Leonard Barden

مكنا من الاجل

羅 海州福斯门

R. Maria Street

种原则证金 ...

filter with the street

PERSPECTIVES



Joe Rogaly

Why idealists need to go back to school

Social improvement is no longer the responsibility of the state; we are left to fend for ourselves nised, experience as a social Another originator, Des Wilnew project's address is 18 Victopraised social entrepreneurs as by salaried recruits. Demanding there are crough saints to get

ritain is to have a new type of business school. Its graduates will be social entrepreneurs. This comes just in time, for we are marching backwards in step with the United States towards a Victorian future.

We know what lies in store: the survival of the successful. Fail, and you are nothing. Work or wilt. This is the consequence of measuring success in cash terms. What counts is earning power, the bottom line accumulated wealth. We are piling up outcasts as we churn out multimillionaires. Some of us spread. our hands and say such is tha way of the world.

Happily, it is not, or not quite. The use of energy and talent to ceed. John Bird is of the same serve others, to rescue failures, ilk. He gave homeless individ-To the extent that this is recog- sell on the streets.

does not, however, answer the planted homelessness in the question, why do they do it? We think we know what drives

an entrepreneur. Motives may be mixed but somewhere in there hes a strongly felt desire to get rich. Wa are less certain of what drives a social do-gooder, unless it be religious feeling or a genetically implanted sense of service. Put the two definitions together and you have the social entrepreneur. As to his or her motivation, we are bemused.

Perhaps tha most famous social entrepreneur is Prince Charles. He is the force behind which helps young people sucadds value whenever it happens. uals The Big Issue magazine to

bourgeois conscience. Jane Tewson started Comic Relief. Peter Beneson perceived the potential for the campaigning organisation that became Amnesty International an irritant to governments everywhere. These people are all eligible to be anointed knights who ran against contem-

On Thursday Michael Young. perhaps tha most innovative thinker-up of socially useful projects of the past half-century, announced the establishment of the "School for Social Entrepre-Business in the Community, neurs". The 81-year-old Lord Young of Dartington gave us the Consumers' Association and Which? magazine in 1957. He has en churning out similarly beneficial schemes ever since. His

porary villainies.

fax 0181-981-6719.

Lord Young's sixth child is 16month-old Gaia. The planet after which she has been named will need strong-minded reformers like her father. The outlook is tough. Starting in the US in the 1980s, the retreat from government continues. Communities are being dissolved by market forces; "community" is an abstraction.

The power of large companies grows by the day. We are heached, left to fend for ourselves. Elected politicians, anxious to reduce regulation, are unwilling to increase taxetion. Social improvement is no longer the responsibility of the state

Tony Blair likes to remind us of this. In a speech last month tha new Labour prime minister

"people who bring to social prob- husiness skills may turn good lems the same enterprise and people away. Very Active Citiimagination that business entrepreneurs bring to wealth creation". He might have added that they cost the national budget nothing. Mr Blair has high hopes of "people on every housing estate who have it in them-

ers...the person who sets up a leisure centre...volunteer men- or ethical sensibility would not unemployment ...". These are the mom and pop shopkeepers of the social entrepreneur business. As small-time

sations volunteers are being led by professional staff, or replaced

selves to be community lead-

zens? comes from the Joseph Rowntree Foundatioo (01904 629241, or www.jrj.org.uk.) It is tempting to put the above pieces together, hand out the rose-tinted spectacles and pro-claim Gaia safe. There is cer-

tors for young people coming off go near a private company or a traditional husiness school. Some of these have intelligence and flair, combined with e desire to serve. Non-monetary operators they might benefit rewards, such as the satisfaction more from deregulation than formal training. A report due on or group of people rescued, will Monday suggests that in many small and medium-sized organisuffice. It is remarkable thet

such spirits exist in a world in which Christianity is receding. What is doubtful is whether e-mail-joe.rogaly@ft.com

tainly a kind of young person

who for reasons of temperament

round all the wards, comfort all the patieots, care for all the toddlers, act as "buddies" or mentors for all those booked on drugs or permaneotly unable to find jobs, inject the spirit of can-do into poor souls who somehow never can, Just the other day, the Institute for Fiscal Studies reported that charities face a long-term decline in the number of donors, with the hig-

20 and 30-somethings. This is not, apparently, a consequence of the arrival of the National Lottery. It must, therefore, reflect contemporary val ues. Greed and self-interest prevail, hut not absolutely There are still idealists around the place. They could do with a school for survival.

gest fall in households headed by



Anita Roddicki Do you know what stops me from selling? A feeling of infimacy with the people I work with; it's a juicy creative st

arely five minnies had passed since Anita Rodinto the scruffytrendy Soho restaurant, Andrew Edmunds. But already the battlelines were

She had ordered an elderflower water, and I had mentioned in passing that Howard Davies had also chosen to eat at the same restaurant for his Lunch with the FT. She looked hlank.

"Who's he?" she asked. I explained that ha was the deputy governor of the Bank of England, but Britain's best-known businesswoman continued to look vague.

'Is the chairman there a shorter guy - not very charismatic?" she asked. "I had a. debate with him once. I was not impressed by his repetition of old thinking. He

lacked antennae." l said antennae were not desirable in a Governor of the Bank of England.

She leant across the table. "Yes, but wouldn't it be great if he could reflect the

And so our roles were set. was to be the champion of Eddie George and all other old thinkers. She, meanwhile, was to be the creative idealist: firing off in all diractions. ill-informed, romantic. So far, so predicable. You only need glance at her weekly column in the Independent on Sunday protesting about plutonium, food additives, gushing over indigenous peoples the world over - to get the measure of

Less predictable, though, was Anita Roddick herself. For a start, the small pretty woman with the big hair seemed easy going, she was

smiling, laughing even. axpected. In the past few nicoise. years I have received two humourless letters from the founder of the Body Shop, as running the Body Shop, complaining about things I she travels the world chamhad written. In my view, the pioning the causes, of cringe. But the expression think what have I done?" Body Shop was somewhere

Lunch with the FT Reading the face of the woman with light foundation

Britain's best known businesswoman contemplates selling Body Shop and gives Lucy Kellaway advice on teenagers and other things

Yet if there was a cynic present at our rickety window table it was certainly not

"I love food," she said warmly. "It's life, isn't it?" "I'm going to start with artichokes," she declared as the waiter approached. "No. I'm not! I don't like arti-

> She was to be the creative idealist: firing off in all directions. ill-informed, romantic

Eventually she chose something called halumi, followed by subergine and wild rice cake. I ordered broad This was not what I had beans with ham and tuna

How does she get so much energy, I wondered As well

metics with designer effics paper column, gives endless said, suddenly choosing to that she was all at sea. Sha attached Clever but cynical speeches and interviews and confess her fallings as a lies awake at night worrying has set up a special business

school course on ethics. And whenever she is feeling guilty about having too much money she nips off to the US to spend a fortnight living rough with a vaga-

"The company is so seamless I don't know if what I do is work or play, if it's stress or enthusiasm. It's so mushy," she explained.

Tha one thing she is unable to do is let up. She tells me that her hushand Gordon is taking a month off to play polo in Santa Barbara, but she is refusing to lecturing tour at Santa Bar-

bara university. "Next week, I'm going to Alaska with my daughter. She is trying to save tha stretch from the loggers. I'm going to hate it because I hate swimming and hate the water and am such a physi-. cal coward."

Why do it then? "Because I love her. She'a such a child out of my own womb. She's such an activist. I need that nourishment from her."

The words make you exploited people everywhere. was sincere. "My daughter is She writes a weekly news- always angry with me," she dick proceeded to tell me

mother.

"I wasn't sensitive to what she needed. My kids rememher all the emotional blackmail. We were so modern there was nothing for them to fight against. They used to say: why aren't you a real

> She went on to advise me on how to deal with teenagers. "Be wild, eccentric. Take them out at midnight and go walking and pretend to be wild animals." Being a wild animal was not really my thing, I protested.

She took a bite of the halumi, which turned out to be go unless she can fix up a fried cheese and not altogether to her liking. She pointed at my dish. "It was the bloody beans that nut rush off to do a river trip in me off that," sha said, speaking with her mouth full.
"You know, Lucy, you

know what? My mum used to say that when you are in your 30s, it's the house, tha kids that matter. When you are in your 40s it'a eliminating the shits from your life not seeing who you don't want to see, and not going where you don't want to go. When you are in your 50s you tend to be more reflective. You look hack and

The 55-year-old Anita Rod-

about the company; frus-Shop is doing in the US and

"Maybe this is the time to sell. It's a really strong idea. The real dilemma is that without Body Shop what am worth? What is my role in life if not that?" I chewed my ham in

> Meanwhile, if there was a cynic present at our rickety window table it was certainly not her

amazement, Roddick the uncertain, unhappy husinesawoman, longing to

chuck it all in? "I really need to go into therapy about this," she went on. I might have taken this as a joke, but as she had earlier told me about the charms of having had her job security, technology, the face read by a soothsayer, I myth of China, Mexico, face read by a soothsayer, I

wasn't so sure. "Do you know what it is sumers and the virtues of

that stops me from selling? It's a feeling of intimacy with the people I work with. It's a juicy creative stew. It would be cutting an umbilical cord. I'd never be free of it, wherever I go I'd see a Body Shop and think: what have they done?"

normal self again, telling me she is working on, the new store designs, the idea of giving customers massages in the shops.

And suddenly she was her

She wiped a speck of food off her cheek, smudging her light foundation. "Frigging make up," she muttered. Anita Roddick knows that

a lot of people are against her. But these days she has the grace to hlame herself. "My response to media questioning has never been that intelligent. I tended to say: up your bums - this is what

we are going to do." More alarmingly sha feels that her company is drifting awey. "The average age in the company is 29 or 30. 1 can't get the young to do anything adventurous. They always think of the legal consequences. We are so frightened of being told we are vainglorious or exagger-

"But I will not have the company straitjacket me. The minute that happens Γm out of here like a hat out of hell. Ough!" - she gave a strangled cry.

Her main course did not seem to be cheering her up. She had eaten the aubergine. but was picking at the slah of brown rice. She asked if she could

taste mine, and with her bread she started mopping up the tasty juices left on my plate. I was just beginning to feel

sorry for her when she embarked on a rant that risked losing her audience. In just fiva minutes she jumbled together globalisation, rising poverty, falling India. Nafta, vigilante conspreading herself a hit thin? Not in the least, she said. Does she, I persisted, prefer anyone from the third world to her own kind? "I have a real anger about people with money who do nothing. Like the guy who

asked, that she might be

bought half the Body Shop in the early stage. This guy is rolling in it, right? He spends it on his vacht!"

She suggested we share a pudding, and as we alternated spoonfuls of lemon flan she asked me which companies I admired, interrogating me as if I was the closest thing to someooe

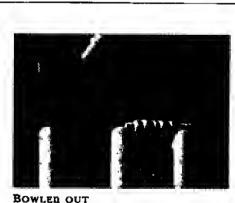
> 'I will not have the company straitjacket me. The minute that happens I'm out of here

from the mainstream she had come across for a long time. I started to list all her least favourite multinationals, and also mentioned Marks and Spencer and ts chairman Sir Greenbury.

"Who is he?" she asked again. This time she was surely having me on. But her expression suggested she really had never heard of the UK's most successful retailer.

We got up to leave, and I was surprised to see that she

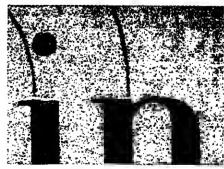
is tiny. We walked a block or two together, she said goodhye warmly, gave me a half hug, and raced off to meet a man "I don't know what the to talk about making a special Body Shop CD featuring music from all over the Is there any danger, I



protectionism

shaking her head.

answer is," she said finally,



BOWLED OVER

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29 July 2 August 2-9 Ampus 10-50 August 11-14 September



■ Veuve Clicquot ■

CHAMPAGNE OF THE SEASON

nameless "negotiator". Only later do we learn that he is a police-

man with ties to the president's "establishment". Come back in a

Now we set off with an armed

and frogs - Vital exports them to

Italy just across the Adriatic.

Just up the road we are handed

over to a well-dressed husiness-

man and his bodyguards, two

fully kitted-out riot policemen. They are fiercely defensive of the

president as "an honest man, a

law to bang Fatos Nano," says

ona policeman with a special

regard for the due legal process. He describes the Socialist party

leader contemptuously as a "com

Back in Fier, which is under

"They should have passed a

few days, he tells us.

man of the law".

munist thief.

PERSPECTIVES

outh of a town called Fier, handit country begins. Villagers protect their settlements with concrete bollards and felled trees. Nothing moves on the deserted, pot-holed roads except farmers with horse-drawn carts and the occasional car hristling with guns.

Nothing, that is, except us two journalists, an interpreter man a patrol. It is, of course, and a driver - hoping somewhat naively to get to the rebel town of Viora and meet the banditking Sultan Zant in the run-up to Albania's chaotic elections.

We didn't get far. From the opposite direction a car with four armed men approaches and blocks our path. "Are you going to see Zani?" snarls a man with a Kalashnikov poking through the

Breaking the first rule of the gangsters' code of the road, our driver Berty steps on the accelerator and we speed off. A screech of tyres and the gunmen give

With the speedometer of our ancient Mercedes climbing to its maximum, we hurtle towards the hoped-for safety of a hridge tinational protection force" often

Dispatches

short trip in bandit country

Guy Dinmore learns at gunpoint about the consumer choices of Albanian gangs

deserted and we are soon overhauled by our pursuers in their new Escort.

The man with the Kalashnikov orders us out into the road. One of his mates pulls a hood over his head, giving him the air of an executioner, and cocks his gun. Berty appeals for reason - the car is his livelihood, be has a family to feed and A single shot skims over his head and Berty stops in mid-flow.

Taking up the challenge, Dashi, our interpreter, appeals to their dignity ss Alhanians. The response is another shot, this time gouging a hole in the tarmac at our feet. The dialogue is over and we are left standing under the baking Balkan sun as our Mercedes is driven away, complete with our bags and the satellite phone of a colleague

from the Los Angeles Times. We walk on past ripening fields of corn, overtaken hy a farmer driving his pony. He clucks his sympathy and cracks the reins in a hurry. Eventually we reach a petrol station in Novosel

"Ah, those were Kakami's boys," says the pump attendant, marvelling at the foolishness of these foreigners who hoped to cross unguarded the territory of the man nicknamed "the stammerer", a gang leader well known for his links with the rightwing party of President Sali Berisha and for a turf-war with the pro-Socialist Zani.

Only recently, the pump attendant ssys, Kakami's men conducted their own form of election campaign hy kidnapping the pro-Socialist village mayor.

Dousing him with petrol they threatened to torch him unless

his family paid a \$12,000 ransom. men lounge around, polishing tyres signals the arrival of the Of course the village has no telephone, the pump attendant says. At this point a bearded Orthodox priest materialises and offers to help. He disappears and

We are left standing under the baking Balkan sun as our Mercedes is driven away

after a while a pick-up pulls up, a second world war vintage machine gun poking from the tailgate. This is the mayor.

We are driven to a compound enclosed by a high wall. Here

guns and filling bullet clips. women hang out washing and children play with dogs. A sign says "Vital. Import-Export" and features cartoon sketches of a frog, snail, eel and prawn. "Yes, they poured petrol over, escort in a van stinking of fish

me twice," says the mayor. "I don't want to talk about it. It was a misunderstanding. They said sorry, we had the wrong information' and let me go after villagers who loved me paid the In a bizarre twist he now offers

to negotiate through an intermediary with our carjackers, his former abductors. As we wait for the "negotiator" to arrive we watch satellite TV. A slinky woman in a hikini advertises a machine for obtaining that perfect ribbed stomach.

Before long another screech of

the tenuous control of the central government, we find a taxi driver, armed with Kalashnikov. to drive us back to Tirana.

On the way he describes the misunderstanding" that led to the mayor of Novosel's abduction. The mayor was a supporter of the president but was rumoured to have defected to the Socialists once rebels seized most of southern Albania in March. The mayor assured the president of his lasting loyalty and was

After several days - and true, to his word - we get a call from the mayor. Berty is handed a letter which contains only the words "Give it back" and travels to a remote village that once served as a communist labour

Angrily and with obvious reluctance, the bandits hand over the Mercedes, plus - for a pay-ment of \$200 - the satellite phone, which they admit they do not know how to use. The gunmen again pronounce their hatred for the Socialist Zani hut deny any links with the president's Kakami

"We're the Cerkovina gang. Kakami doesn't do cars," says

"Department Seven of the EU

police liaison council," he said, in a monotone, "is mainly concerned with big-scale, inward

crime. By inward crime we mean

significant intrusions into EU territory by outside - non-EU -

FAKE, by Michael Thompson-Noel: Chapter 4

Robert Mallalieu, a gold market specialist, has been murdered in London. His widow, the beautiful Elizabeth Mallalieu, isn't satisfied with the progress of the police inquiry, so has hired a private investigator.

Mallalieu's clients included Dmitri Zhuruvsky, who may have been laundering money via the London gold market. But gold was not the only link between the two men. Both collected fake

The investigator, Jane Astor, has been told that the market in fake art is growing swiftly, so Zhuruvsky is her No.1 target.

Astor drives a flamingo-coloured convertible as a salute to post-feminism, while her assistant is a devotee of trance music. As this odd couple delve deeper, they enter a world where nothing is what it seems...

n financial media parlance, private investigators. markets can be gripped by hysteria or succumb to inertia. They soar, plummet or shuffle sideways. Occasionally, they are becalmed in the doldrums or rocked to their foundations.

Now, just conceivably, the London gold market may find itself swept by an epidemic of trance

If this happens, blame me Jane Astor. I am a 33-year-old, London-based private investigator. I used to work in Miami, for Kroll Associates, but in 1994 l returned to London and set myself up as a one-woman detective agency. Or, rather, one woman plus male assistant of the greasy-haired variety, Paul Will-

I recruited Paul after running a job ed, and have never regretted it. Paul. who is 20, has computer skills, and is more cunning than he looks, always an advantage for an investigator, an interest in trance dancing is only one of his eccentricities.

We get on pretty well, partly, l am sure, because my attitude to work is broadly post-industrial in other words, relaxed. In readiness for the time when the mbots arrive and relieve us of the stress of 60-hour weeks, I handle only one case at a time and try not to work more than four days a week. Naturally, the same goes for Paul. We take long holidays anywhere where it's hot.

At present we are working for Elizabeth Mallalieu, whose husband, Robert, a gold market speciallst, was murdered in London's Little Venice on May 9. Mallalieu's throat was cut; his watch stolen.

So far as anyone knows, the police investigation, wblch ls treating Mallalieu's murder as a fatal rohbery, has run into a brick wall, which is why I have been hired. The weapon has not been found; nor has the stolen watch. But that does not concern me because my investigation is concentrating on the possibility that Mallalleu's murder may have had a different cause.

When she hired me, Elizabeth Mallalieu said she wanted to feel confident that her husband's death was being investigated from all angles. She is buying peace of mind, or at least attempting to - s common reason for people to hire the services of

The other Friday evening I sent

Paul Willson to a drinking haunt in Southwark, under the arches somewhere, that is frequented. on Fridays, by people who work at the gold-dealing firm Robert Mallalieu founded, Brightsun I would have gone myself but I

was otherwise engaged. Paul did not return from South-

wark until late the next morning, the difference in our ages, I do not mollycoddle Paul. I treat him strictly as an equal. Yet when he reappeared at my house, after his big night out. I was pleased that he had followed my instructions and kept off alcohol while socialising under the arches.

I had sent him to Southwark to learn what he could about Robert Mallalien from Mallalieu's former colleegues, and had told him that, although some people drank

gave me a thin smile: 'Zhuruvsky will

The Eurocop

come to you, to clear things up' like heroes on Friday nights, he -

Paul - had to keep a clear head if we were to discover anything. Specifically, I wanted him to inquire, as obliquely as possible, about Mallalieu's love life. Elizabeth Mallalieu had told me that she and her husband had separated because of Mallalieu's wom-

In places, Paul's account of what occurred was tortuous, but that was just dissembling. There were things he was not going to tell me, but - knowing him - I guessed they would not he relevant to our investigation.

He had got to the bar in Southwark at 6.30pm, and within 20 minutes had manoeuvred himself into the middle of a group of Brightsun employees, some of whom, said Paul, were drinking champagne at £32 a bottle. Paul

had stuck to Badois. "Good, Paul." I told him, late the next morning. "Badois. Very good. So who ware these people?" Paul said: "Oh, just the usual." "Who, Paul?"

As far as I could reconstruct it, the Brightsun group had consisted of four gold dealers, three investment managers, three secretaries and two motorbike messengers. One of the messeng rough-sounding individual, had taken a shine to Paul, whose acceptance by the group was confirmed when Paul started telling them about his interest in trance

Paul has a trance dancing CD called Shamon's Breath, by Professor Trance and the Energisers. It irritates the hell out of me, but I suppose it is harmless. Trance dancing, claims Professor Trance. is an ancient shamanic practice that promises spiritual ecstasy. There is no right way to trance dance: the steps just come to you so long as you trust the proces which is said to he relaxing and

energising all at the same time. For some reason. Paul had had this CD in his jacket pocket when he entered the Brightsun bar. Ahout threa hours later, the Brightsun gronp decided they would like nothing better than to listen to Shaman's Breath at the home of one of the dealers, who

lived in Bermondsey. From that point on, Paul's account of events became even more vague, though he swears he stayed on Badois throughout the night. He would not say how many Brightsun employees crowded into the house in Bermoodsey, or how many wore blindfolds, as recommended by Professor Trance.

In spite of these goings-on, Paul had got the information we wanted. "Mallalieu wasn't much of a womaniser." he told me. describing, elliptically, how one of the Brightsun sub-groups in one of the Bermondsey bedrooms had included Mallalieu's former secretary, a woman called Julia Hardson. To my astonishment, Paul described this woman as s "strawberry hlonde" - a unique foray into delineation. I did not like the sound of Hardson, but

kept my thoughts to myself. "Julia says that Mallalieu was a workaholic, not a womaniser," Paul told me scornfully, "Julia says he didn't have time to play around." He mumbled something

"Speak up," I said.

leu's secretary since before he split with his wife. She says the Mallalleus' separation was caused by Robert's affair with one of the deputy managers, someone called Lucy. But that ended years ago. Lucy got married and left the firm. After that, Mallalieu had affairs sometimes. but very low-key. Julia says that if Mallalieu was a womaniser then she - Julia - was Queen lfi-Fifi of Fiji, which ohviously she isn't." Paul smirked tiredly.

"That's curious," I said.

"Elizabeth Mallalieu definitely I scrutinised Concannon: grey suit, bad tie, square face, eyes like a badger's

told me Robert played around a lot." I studied Paul. He was yawning, but he was also listening closely.

crepancy here. Elizabeth Mallal- mer Metropolitan officer still strawberry creature Hardson con- attached to Department Seven of tradicts her. But I doubt it's a the Paris-based European Union problem. The Mallalieus sepa- Police Inter-Force Lizison Counrated 14 years ago. By the time cil (EUPIFLC), of which I had Robert was murdered he must never heard. have been a leopard who'd lost I scanned his ID again. Then I all his spots. It'll happen to us scrutinised Concannon: forty-"Julia says she'd been Mallal- all, or so I ahouldn't wonder."

While Paul had been in east London. I had at last met someone from the police: a detective chief superintendent called David Concannon. The previous day I had received a call from New Scotland Yard, saying that Concannon would meet me at The Prince Bonaparte puh in Notting Hill: a venne popular with todsv's equivalent of the yuppies of yesteryear. It is not my sort of place. There are too many wannabes; too much YSL, DKNY and Issey Mivake: too many T-shirts with corporate logos: too many Q shades, sports bras and rebel

But it's very, very noisy on a Friday night. That was the point. I had been told to find a table st the back of The Boneparte at 9.30pm. Yet Concannon was an hour late, and did not apologise. I had assumed he was a member of the London Metropolitan

Police: associated in some way with the murder squad investiga-ting Robert Mallalien's death. But he wasn't. Concannon showed me a folder's worth of ID. "We seem, Paul, to have a disand explained that he was a forieu says one thing while this based in London but now

something, grey suit, had tie, prissily. I was drinking voddy.

square face - eyes like a badger's caught in headlights. I lit a cigarette and blew a perfect smokering which drifted to the next table where it mesmerised a lumberjacketed youth who had tried to pick me up half an hour ear-

"So," I sald to Concannon, "you're some sort of Euro-cop. What does Department Seven of ... whatever it is ... get up to? Why are we meeting if you are not part of the Mallalieu police

Concannon stared moodily at his hands; then he looked up. "I want to bring you up to speed on Dmitri Zhuruvsky," he said. "I'll eep things simple."

"Oh, thanks," I said, in a tone ! perfected when working for

Dmitri Zhuruvsky is a Russian lawyer and husinessman: the main target of my investigation to date. Zhuruvsky was a friend and client of Mallalieu's. There are two reasons why my investigation has focused on Zhuruvsky: 1) Mallalieu, by all accounts, had charted Zhuruvsky's \$100m investment in the London gold market, an investment currently showing e loss of \$20m-plus;

2) Mallalieu and Zhuruvsky were involved, somehow, in the market in art fakes. Both were collectors. Moreover, they had sponsored axhibitions of fake artworks in various European cities. Why, I don't know. Concannon sipped his Coke

"Now, Misdirected hy early media reports of Mallalieu's death, you have assumed and implied, in your inquiries to date - especially in calls to the Mctropolitan Police; to former Kroll colleagues in London and elsewhere; and to western and Rus-

criminal organisations. OK?"

- that Zhuruvsky is an associate of Moscow criminal elements, and that on their behalf he launders money via London."

I was flahbergasted. To stay calm. I concentrated on the face of Lumberjacket Jor at the next table, who started to look encour-

sian media personnel in Moscow

"Now," he continued. "in all these assumptions, you are 100 per cent wrong, Miss Astor.'

aged. I turned back to Concan-

He ignored me. "As a businessman. Zhuruvsky is ingenious. even devious. But he has never

been charged by the Moscow police with any act of wrongdoing, nor is any charge pending or envisaged. Clear?" "Oh. yes." "My interest in Zhuruvsky is the interest of the EU police liai-

son council." Concannon continued. "Not only is Zhuruvsky an important Russian businessman; he has also been helpful, on occasion, to us." He was now speaking extremely slowly: tiptoeing on eggs. Lumberjacket Jnr tried to catch my eye. I ignored him.

"Now," said Concannon. "Zhuruvsky is displeased by the defamatory insinuations you have been expressing. He is not planning legal ection but he wants to meet you, to clear things up.

"Excellent," I said. "Ditto myself. I am planning to go to Moscow to waylay Zhuruvsky. Time for e chat, I feel."

"In Moscow," said Concannon. "you would not get within a mile of him. But do not despair, Jane." He gave me a thin smile. "Zhuruvsky will come to you. Not to London, as it happens, but io some days' time he will meet you in Scotland. He is visiting Culloden Moor - yes, tha Jacobite battlefield. Do not ask why; it is not my affair. But do not miss out on this. Zhuruvsky says he will fax you the details. Nice to have met you, Jane. Try to keep safe."

With that, he departed. The Mallalieu case was becoming extraordinarily weird. I hreathed deeply: closed my eyes; lit a cigarette; blew another perfect smoke-ring. It drifted sideways, towards Lumberjecket

But then, in a violent swirl, it disintegrated and vanished. I was losing control of things.

... TO BE CONTINUED

Chapter Five of FAKE will unfold in next Saturday's Weekend FT

All of the main characters are fictitions

FT Weekend **Competitions**

elcome to week four of our eight-week summer series of aporting challenges. Each week, we are offering prizes to the readers sending in the wittlest and most imaginative answers to the questions we set.

Last week, we asked readers to explain the mysteries behind, or the practical uses for, the rugby scrummage. There were several worthy suggestions for making better use of the traditional structure, including the settlement of airline disputes, the replacement of the wedding ceremony, and the solving of cryptic crosswords, with clues across and down. As for what is said inside a scrum, a few entranta fell to the feation for intellectualising sport, one by proposing that the players debate philosophical questions, in particular, at what point can it be... Said that push comes to shove. However, the winners are:

They are musing over why the scrum moves in a clockwise



direction in the northern hemisphere and anti-clockwise in the south: (Leo Casey, Flickmansworth, UK) ● They discuss fibern'e play The Doll's House (Svein Brustad Norwegian Design Council, Oslo)

. . . .

A sorum is where seven man can freely enjoy the company of a hooker without fear of arrest (Andy Hantson, Bristol, UK) The scrum is a perfect substitute for the US presidentia election system: it involves a lot of muscle, some finesse and frequent rolls in the dirt (Rachel Day, Miami Beach, US) Try not putting the ball in the scrum and see if it makes any difference (Rose Sutherland; Bolton; UK)

Solve London's transport problems with a sonum pass wanting an underground train-should split into two tes depending on which way they want to bavel, and the train would set off in the direction demanded by the victorious team (Dominic Winter, Hong Kong)

Competition four: **Motor racing**

The British Grand Prix is, in theory, a race: But the modern-Formula One vehicle leaves its grid position to form part of an orderly-cueue of cars. There are pit stops, but they are asfescinating as spending a smelly afternoon at a petrol station with a stopwatch. There is the occasional crash, but ghouts are better. catered for by the uncut-carrage of video "cocumentaries", So . tall us what can be done to encourage overfelding and to turn the

dreary procession into a race? The six deverest solutions to this impessable problem will be rewarded with a bottla of pink champagne and a thick book, courtesy of our Literary Editor. Annalena McAlee

How to enter Send entries by post to Weekend FT, Summer Compatition (Grand Publ), One Southwark Bridge, London SE1 GHIL, or by electronic mail to grandprix@it.com or by fax to (44) 0171-873 4433. Entitles must be received by roon, British Summer Time, on Wednesday. Please provide name, address and

destine telephone number.

The influence challenge in week eight, we will set an ultimate challenge, based on Fake, Michael Thompson-Noel's summer mystery story. This final contest will produce two winners, each of whom will receive two pusiness class return tickets for air travel within Europe, couriesy of Luthansa.

Conditions
This week's competition is open to FT readers aged 18 years and over Entries must be submitted to one of the above addresses by the epocition date. The winning antities, as selected by a Weekend-FT panel, will be published in the FT on Saturday July 19. The decision of the logger is first and no correspondence will be districted a to: All prices will be dispatched to winners within 28-days. These is no cash alternative, Copyright in all entries will remote with the price with all entries will remote with the price Printing of these. The Priencial Times.

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Evolution of a life's work

Ian McEwan welcomes a collection of essays by the eloquent ecologist E.O. Wilson

1499927 Man

Mandible

Homo Sapiens)

n Robert Wright's book The Moral Animal, there is e photograph of e poster advertising a lecture by E.O. Wilson in 1984. Students are urged to bring 'noisemakers" to drown out the "prophet of right wing patriarchy" and no doubt they did e righteous job. Throughout the 1970s and 1980s, there was an orthodox and deep resistance to the notion that we have a nature, that it is shaped by evolutionary pressures and that it can be described scientifically; biology ehapes our culture and, reciprocally, our culture affects biological evolution by creating the social environment in which genes are tested by natural selection.

The students would have rattled and hlown their noisemakers wban they heard Wilson say that in all bunter-gatherer eocieties studied, men have dominance over women. They therefore would not have been able to hear him warn against the naturalistic fallacy in ethics, of arguing that what is, should be. Nor

IN SEARCH OF NATURE by E.O. Wilson Penguin £16.99, 214 pages

would they have beard him advise that what may have been advantageous to our Neolithic ancestors could be disastrous for us now, and that "human nature can adapt to more encompassing forms of altruism and social

Broadly, since then, the neo-Darwinists have carried the day. The cultural determinism of the social sciences is yielding to a more complex view of the "co-evolution" of genes and culture. Journalists, as well as dinner party guests, routinely assert that we cannot know what we are without knowing what we were. The pene-tretion of evolutionary thought into numerons fields of study, including linguistics, philosophy, town planning and neuroscience, is one of the most striking intellectual developments of

Wilson has been by far the most eloquent and consistent of the scientists urging dominant little-sized creathis transformation. The tures of the planet and their ahuse and wilful misrepresentation he has suffered leave no trace of bitterness or triumphalism, and this collection of essays is an excellent introduction to the linked themes of a life'a

Above all, he is a hiologist and ecologist. His passion is for the social insects, particularly the ants, subject of a whereas bumans send their masterful and definitiva young men into battle, ants treatise he wrote with Bert Hölldoblar . (The Ants, tain fighter under duress Springer Verlag £103, 732pp). This vast and fabulously destroying several enemy illustrated book is extremely expensive (e fine gift for the an excellent trade-off in Darloved one who has everything) so it is useful to have the two short essays in In

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CONTINUED

Search of Nature introducing dures bind a colony. Where cultural than genetic, but appalling extent of our 600m years ago. They are the success is due to the fact that their social organisation gives them great competitive.

Wilson's tour d'horizon of worlds includes accounts of communication by way of complex chemical secretions which biologists have decoded, and of warfare: send their old women. A cerexplodes kamikaze fashion, ants with toxic substances winian terms. Elsewhere, he describes how elaborate food and liquid sharing proce-

On Human Nature (Penguin, uct. emphatically not a biological determinist. The dualism of the old and stale nature/nurture debate has been irrevocably transformed by his thoughts about the manner in which genes and culture reciprocally shape each other; we and our ancestors have lived in social groups for so long that society must be considered part of the environment that prompts natural selection.

And God created termite

us to "social life as it might tens of thousands of ants are the commencement address avolutionary terms, we ism obviously makes sense; (printed below) withly demself-sacrifice will ensure the onstrates how perochial it is continuance of shared genes. to insist on the universal of organism on earth have

logical masterplece. The Diversity of Life (Penguin. £8.99) will be able to sample for the first time, in miniature, the passion and command with which be dessystems. The final essay in In Search of Noture, chill-

impact on the biosphere, hut evolve on another planet". In closely related sisters, altru- of his professorial termite it also offers wise and slender hope. So far about 1.5m species have lived in hunter-gath-

sociobiological section also values that clearly have e don't know how many speprovide a good summary of biological root. Culture is cies actually exist, but the the arguments advanced in ultimately a biological prod-number is thought to lie somewhere between 10m and 27.99) e superb book that Two closely related 100m. The organic world should be more widely strands of Wilson's preoccu- around us is still largely these ruthless totalitarian known. Wilson is most pations have been biological unexplored, and if we are diversity and the environ- successfully to oppose our mental ethic, and they form own destruction of it, we the closing section. Those need above all, Wilson who have not read his eco- argues, to forge an environmental ethic, one that is not limited to the ntilitarian potential of wild species, or gets tangled in arguments about their rights, but insists instead that the cribes the frail beauty and diversity of life has innate interconnectedness of living aesthetic and spiritual value.

At the heart of this passionate plea is blophilia, Wil-Wilson is happy to concede ingly entitled "Is Humanity son's hypothesis that we ness that would be ulti-

to hike into countryside that resembles the open savannah where our ancestors evolved. The hypothesis has profound cultural implications, since biophilia is said to mediate our responses to nature, landscape, art and myth, and as such it returns

The idea has, as yet, no

intrigued by it since I find

myself occasionally impelled

niants.

us to one of the central and lifelong projects of this most sagacious and lucid of scientists: to deploy biology in the understanding of human nature in order to restrain or divert us from a destructive

ehaped by our genes and that our ethical precepts simply reflect the peculiarities of termite evolution. They assert that ethical philoeophy must take into account the structure of the termite brain and the evolutionary history of the species. Socialisation is genetically channelled and some forms of it all but inevitable. There is such a thing as a biologically based termite Some termitietically nature. This proposal has created a major academic

E. O. Wilson to individual liherty and no easy answers.

Solving the paradoxes of the right

Philip Stephens on a primer for dispossessed Conservatives

nine months they have lost elections in the US, Britain and France. Germany's chancellor Helmut Kohl is in trouble, and who cares a fig these days about Newt Ging-ricb and his Contract with

All this is a far cry from the euphoria not so long ago wben partles of the right promised to vanquish social democracy as effectively as they had destroyed socialism. Defeat has brought disarray. Britain's Conservatives bave chosen a new leader, hut they have yet to recalibrate their ldeological compass. Bill Clinton's White House may be consumed by scandal, but his opponents on the American right are in no condition to exploit the advan-

Fashionable opinion has it that none of this matters too much since Tony Blair, Clinton and others on the centreleft have simply absorbed the ideas of their erstwhile opponents. This analysis is oversimplistic, mistaking conservatism for liberal economics.

By and large the centreleft has indeed come to terms with the global market economy (though Lionel Jospin in France less so than most). That is not to say they have embraced conservativism. So Jerry Muller's thoughtful primer on conservative thinkers from David Hume to the present day is timely. If the dispossessed of the right feel the need to go back to basics, they could do worse than start here.

Conservetives heve to reconsider who they are and what they stand for. When they have done that they need, to borrow e cliche from Blair, to decide how to epply their values to the modern age. It will not be

fact thet for nearly all of human existence people This anthology, with Muller's useful introductions to than not they pull in oppothe work of two dozen or so site directions erer banda, intimetely The four essays in the and transcendental nature of been described. We simply involved with animals and political theorists, reminds us that conservatism has always been the most amorscientific grounding but I am phous of political philosophies. We all know what we mean by the term, but our definitions vary sharply both in time and space.

Thus conservatives have et ooe point or another defended absolute monarchies and representative democracy, nationalism and internationalism, free trade and high tariffs, and establisbed churches and religious pluralism. The prism is also distorted

by geography. To European eyes, many American conservatives (especially the religious right) appear as authoritarian reactionaries. The nearest parallel in Europe, perhaps, is with radical conservatives of the interwar years, whose yearning for some mythical past led some to support Hitler and other fascist regimes. And while Americans,

including the author of this of religion. work, see David Hume as a natural conservative, many nice explanation for the apparent paradox: American conservatism set out to conserve what in Europe was called liberalism. Next come the recurring

onservatives are in choice and its instinctive hias towards institutional restraint. Edmund Burke, regarded by many as the father of modern Conservatism, spotted the tension early on in Reflections on the Revolution in France, "The restraints of men as well as their liberties," he remarked, "are to be reckoned among their rights."

Conservatism thus emerges as a set of assumptions or predispositions rather than a precise creed - what Samuel Huntington called a "positional ideology".

If all this sounds confus ing, Muller does a useful job in pulling out the more con-stant threads. He starts with the faith in existing institutions: the utilitarian concept that the very existence of the nation state, the family and religion create a presumption as to their usefulness. This extends to what Burke called prejudice respect for rules of action which are the product of historical experience and

Add in an emphasis on uman imperfection along-

CONSERVATISM: AN ANTHOLOGY OF SOCIAL AND POLITICAL THOUGHT FROM DAVID HUME TO THE PRESENT edited by Jerry Z. Muller

Princeton University Press £47, £14.95, 450 pages

side individual liberty, faith in the utility, if not the theology, of established religions, and e recurring polemic of anti-humanitarianism, and Conservatism, if not all of its practitioners, gains e certain definition.

There is less analysis here though, of the dominant tension between modern conservatism and liberal economics. The two are usually conflated, hnt more often

he strains are not new: Friedrich Hayek tried to reconcile the conflict by arguing that the market had proved Itself the fittest institution to provide for material well-being. The political genius of Margaret Thatcher during the 1980s was to camouflage the contradiction between her declared conservatism and her economic radicalism.

But the triumph of the glohal marketplace bas greatly increased the tension. The nation state, the pre-eminent institution for most conservatives, is undermined by a world in which capital bas no respect for national frontiere. The nuclear family is imperilled by the merket's refusal to acknowledge long-held social values. Flexible labour markets disrupt the traditional patterns of family life; consumerism displaces the babit

In their search for political recovery conservatives must Europeans would bracket confront this conflict. What him a liberal Muller has a value does Conservatism ascribe to the competing demands of free markets and familiar institutions? How far should the state mitigate the social impact of unfettered markets? Should we counter-currents between shop on Sundays or should conservatism's commitment we go to church? There are

Bertha finds it hard to

choose. She loves her quirky

English Tarr, and marries

him, for the sake of respect-

ability. But she has a child by Kreisler. Rereading Tarr.

after 20 years. I was smitten

he commencement address of the distinguished dean of the faculty of the Inter-

notional Termite University:

One thing wa can surely agree! We are the pinnacle of three billion years of evo-Intion, unique by the virtue of our high intelligence, employment of symbolic learning: the natural sci- tives of moral behaviour language, and diversity of cultures evolved over bun- and the termitities. dreds of generations. Our Since our ancestors, the dent and universal. They species alone has sufficient macrotermitine termites, are the very essence of terself-awareness to perceive achieved 10-kilogram weight mitity. history and the meaning of and larger brains during

🕶 n his lifetime Wyndham

Lewis never courted

largely escaped the sover- through the later Tertiary saprophytic, basidiomycetic monal song; the aesthetic eighty of our genes, we now period and learned to write penetralia of the soil; the pleasure of eating from nest base social organisation ture.-Our universities disseminate knowledge from the three great branches of ences, the social sciences,

personal morality. Having thair rapid evolution darkness and of the deep, aesthetic pleasures of phero-

with pheromone script, termostly or entirely upon cul- mistic scholarship has refined ethical philosophy. It is now possible to express the deontological imperawith precision. These imperatives are mostly self-evi-

admidst a richness of war and trade among colonies; the sanctity of the physiclogical caste system; the evil of personal reproduction by worker castes; the mystery of deep love for reproductive siblings, which turns to hatred the instant they mate; rejection of the evil of larly the ethologists and They include the love of personal rights; the infinite sociobiologists, argue that

centrality of colony life mates' anuses after the shedding of the skin; the joy of cannibalism and surrender of the body for consumption when sick or injured (it ts more blessed to be eaten tban to eat); and much

> inclined scientists, particuour social organisation is

controversy ...

Rereadings / Howard Davies

A great and unfashionable novelist

popularity, and a wide audience has eluded him after his death, too. One of Lewis's keenest admirers, Martin Seymour-Smith, described him as "a difficult not only unacceptable, but were also not easy to follow". What is more, "even more difficult is his creative prose, particularly that of

the early stories". This, you may think, is a discouraging introduction to Tarr. Lewis's first novel, published in 1918. It is hardly calculated to encourage new readers. So let me try a second, more positive

NEW AUTHORS PUBLISH YOUR WORK ALL SUBJECTS CONSIDERED Figure, non tiction, Biography, Religious, Peetry, Children AUTHORS WORLD WIDE INVITED WRITE OR SEND YOUR MANUSCRIPT TO MINERVA PRESS

tiful and serious work of art Levis and Penelope Livelys. that reminds us of Dostoyev- Someone at Penguin still sky ... and it contains one believes that Lewis abould figure of vast moral signifi- not be allowed to disappear cance which is worthy to into obscurity, but it is stand beside Stavrogin." Sadly, publishers, in Lon-

Very little of the Wyndham Lewis ocuvre is now avail-Diego has beautifully reprinted an extensive series of his novels and philosophicel writings, some of which even enthusiasts find hard

Sand on hadryan

writer" whosa ideas "were opinion, from Rebecca West. shelves, tucked in between "Tarr," she wrote "is a bean- the massed ranks of Primo uphill work -

There is no point in denydon at least, have tended to ing that Lewis's angular. side with Seymour-Smith. muscular prose remains Very little of the Wyndham unfashionable. Hs makes few concessions to taste or ehle in the UK. Americans accessibility. It is not that take a different view. The his language is obscure: Black Sperrow Press in San indeed the meaning of each sentence is eminently clear. Nor is it that he cannot tell a story: the narrative form of Torr is straightforward. Nor is he deficient in characteri-



The "difficulty" lies elsewhere. It is more that Lewis to take:

But, here, Turr is the only book that can occasionally

sation; the principal dramaconstantly takes aim et the reader. You feel, even as you three-dimensional and follow him, that you are

flebbiness to be reading a parable of Anglo-German tolerate passion and its novel at all. The euthorial attitudes. Kreisler alweys nakedness". He has undervoice is stern and unforgiv- goes too far, is constantly gone "English training - e ing, even hostile. Do not ready to see deeth and dare to sympathise with my characters, do not be so feehle as to lose yourself in my story, he seems to say.

So why do I return to Wyndham Lewis again and again? Precisely, 1 think. because of this aggression, and the Insights which accompany it. Tarr is, on the face of it, the story of a poor English artist in Paris before the first world war, his lukewarm on-off affair with the dismal but pneumatic Bertha, and her consequent flirtation with Kreisler, e tortured German painter, trying "to get out of Art himself to leave her. He is

destruction as the only logical outcome of everyday conflicts. And he has a grand belief in the efficacity of women". They are, for him. "a vast dumping ground of sorrow and affliction - a world dimensional pawn shop, in which you could deposit yourself, temporarily, in exchange for the gold

be knocking about". Tarr, by contrast, finds decisive action impossible. He cannot commit himself to Bertha, but nor can be bring himself to leave her. He is

of the human beart and any

other gold that happened to

how a sign of weakness and But it is also a remarkable English shyness, thet cannot system of deadening feeling.

Anglo-Saxon philosophy". tiated nonsense.

Dostoyevsky? Well, per-

haps not. But Lewis is, at his best, a great English novelist - even though he himself would have dismissed such e stoic prescription - a categorisation as irrational, humorous stoicism is the sentimental, unsubstan-

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times be bliss, but it is more often a danger. If a statesman, for example, has to deal with grave international tensions, but does not fully understand the aims and values of the opposing parties, he risks fatal misjudgments. In such a case his first step should be to curl up with a good history book, for history is Islamic fundamentalists war" in both traditions. the geography of time, in which one traces the different rontes travelled from past to present by the world'e peoples. One learns,

has it, "where they are coming from" questions facing the contemporary world is the conflict between parts of Islam and the west (using these expressions to denote cultures rather than places, and as

as the colloquialism aptly

Living and dying by the sword

Insights into the history of Christianity and Islam tensions offer a welcome lesson, finds A.C. Grayling

not to mask their internal explores the sources of con-diversities). It is so vexed a temporary misperceptions armies", and the late Jewish rooted, Partner argues, in the "Christian knight" influ-of today's thinking in Islam problem that - as always happens with such - it has collapsed into caricature: "Great Satan", and the west. in return, sees only murderous fanatics, ready to blow themselves up along with jet loads of innocent victims.

Into thla mistrustful one of the most important breach has stepped a distin-guished journalist and historian who has written much, and with great eloquence and insight, about the history of Christianity and his other expertise - the Arab world. In his important new book. Peter Partner that gods of battle led them.

between Islam and the west. by helping us to understand the conceptions of "boly threaten "jihad" against the Islam was spread by the sword from its earliest days: harlans in comparison to the refined Islamic civilisation they invaded - sought to "recover" the Holy Land by butchery. The social and ent dilemmas lie in those events, and Partner seeks to

> Middle-eastern deities were never pacifists; all wars were once boly in the sense

clarify them.

sects of Maccabees and Zealots resisted their foreign oppressors in his name. The concepts of a "party of God"

GOD OF BATTLES: HOLY WARS OF CHRISTIANITY AND **ISLAM** by Peter Partner

HarperCollins £25, 364 pages and of "atruggling in His way" were as important to them as, under the respec-

tive labels "hizbullah" and

"jihad", they were for the

followers of Mohammed half

the Islamic empire's second century, when the caliphs began preying on the Roman empire's weakened remains in Europe. The most successful of Islam's crusades secured Spain for Allah; elsewhere, right into modern times, its borders leaned against Vienna's gates.

One of Christianity's early footholds was Constantine's vision of the cross in AD312 that led him to place it on his battle banners. But until the 11th century its ethos was, Partner sbows, more pacific than military. Matters changed under the influ-

enced perceptions of the four centuries" old conflicts along the margins between Christians and Moslems. But the decisive moment occurred on Novamber - 27 1095. when Urban II called for a jihad against Islam. Thus began the Crusades proper.

There followed centuries of mighty conflict between the two warlike religions. whose votaries saw battle as "a heroic enterprise of salvation". Even when Christianity resumed a more pacific tone in the Reformation, the conflict continued in other guises. Partner dexterously a millennium later. But the ence of the belligerent Pope traces these developments,

which is required reading for anyone wishing to think more clearly about what Islam, and its fundamentalists, mean for the contemporary world. His analysis is especially

interesting on the coincidence of religious passion and nationalist sentiment. suggesting that - for a salient example - in present-day Palestine Islamic entalism is far from the only danger.

Partner troublingly ramarks that because Islamic holy war is now waged by "irregulars" it

And, indeed, its utter inhumanity (think of Algiers) is such that his otherwise illuminating account leaves a residue of concern: that only pathology can offer an explanation for such behaviour.

This prompts a question. Partner argues that the idea of holy war is not peculiar to Islam, and that in its later Christian disguises it influenced colonialism and much besides. But whereas Christian sanctioning of violence must always be bypocritical. for its message is indisput-ably pacific, the atubborn fact about Islam is that its history and theory both honour the argument of the sword. Is it wrong to see this as justifying western unease while tension and misunder-

standing persists?
If anything can belp to reduce that misunderstanding, however, Partner's book

When ills were cured

James Le Fanu on western medicine

nly a fantasist would have predicted in tbat within 20 years polio and diphtheria would be all but eradicated, tuberculosis and childhood cancer would be curable, surgeons would be stopping the heart to repair complex congenital abnormalities and transplanting organs, and doctors would have drugs to treat psychiatric illness, arthritis, heart disease and much else.

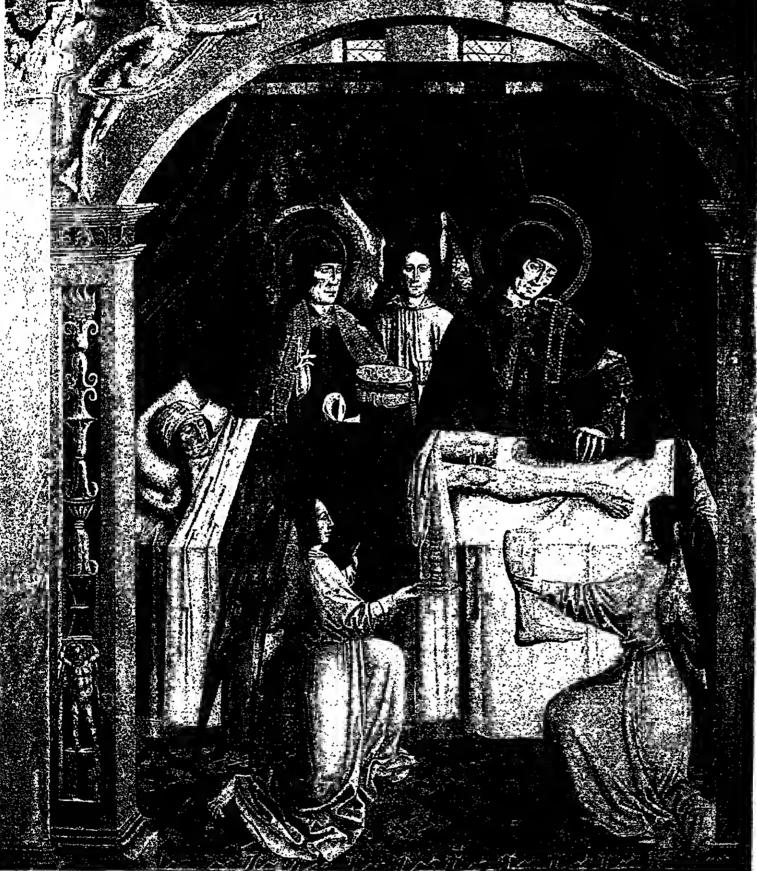
But it all happened, and it is only natural to want to know more about the origins of this most sustained epoch of human achievement since the Renaissance - which requires some understanding of the history of medicine.

WESTERN MEDICINE: AN ILLUSTRATED HISTORY edited by Irvine Loudon Oxford University Press £25. 347 pages

The subject is so vast it is difficult to know where to begin, let alone how to present it in a way that will not discourage the general reader. One solution, exemplified in this illustrated history, is to exploit the visual imagery associated with the subject. Medicine ie, after all, about seeing things. Doctors eee their patients, Anthony van Leeuwenhoek looked down the microscope and saw animalcules, while modern imaging techniques lay bare the inner workings

of the body. But there is another and even richer type of medical imagery - exemplified by Leonardo da Vinci's famous illustration of the womb opened like a nut to reveal the crouching foetus within. Its technical clarity and acnte observational detail embodies the spirit of the Renaissance, just as Rem-brandt's painting, "The Anatomy Lesson of Dr Nicolaes Tulp" with the attentive faces of the members of Amsterdam's snrgeons' guild, captures the spirit of

the enlightenment. These images accompany a text which is more academic than popular but has been ingeniously organised



ian performing the miracle of the black leg' by Alonso de Sedano (16th century), included in 'Western Medicine: An Mustrated History'

The first half is chronological, seven chapters tracing the evolution of medicine from classical to the postwar world, the second picks out certain themes - such as epidemics, the rise of the modern hospital, medicine and the mind and others - which are examined in depth.

In a notable chapter on the history of childbirth, Irvine Loudon describes how an event that has always been controlled by women was usurped by male obstetri-

an illustration from William Hunter's Anotomy of the Gravid Uterus offers a crucial clua. Huntar was an anatomist whose detailed drawings of the complications of pregnancy such as placenta praevia made it possible to understand wby women might suffer a fatal haemorrhage during child-

Set against the authority of scientifically trained male obstetricians like Hunter. the traditional female mid-

The reasons are complex but wives were bound to euffer a loss of prestige, but another particularly telling graph depicts how this "scientisation" of obstetrics failed to have any effect on maternal mortality. Indeed, for many it had the reverse effect, exposing women to the dangers of puerperal fever transmitted by the hands of scientific obstetricians who went straight from conducting post mortems to the wards to perform vaginal examina-

tions on women in labour.

This is a multl-authored

text and regrettably not all the contributions are of the that of "triumph" followed same high standard, but it is worth purchasing alone for its two chapters on the rise

of modern medicine. The developments of the alluded to can all too easily give the impression that medicine is on a continual upward curve of knowledge and achievement. Stepben Lock, former editor of the British Medical Journal, makes it clear that this is

chapter into two epochs:

by "disillusion". This notion that medicine may perhaps have fulfilled estiny and is in decline is highly subversive, but postwer years elreedy makes sense of many otherwise inexplicable phenomena such as the baffling popularity of alternative medicine and the curious paradox that, at a time when people are healthier and liv ing longer, they also seem to be more worrled about their health than ever before.

opening the files was right.

"It must be right that the

Germans, and not just tha

Germans, should really

understand how in the sec-

Files of fatal memories

little embarrassment will be unavoidable. Perhaps Timothy Garton Ash should have put those words on the title page, like the warning of explicit sex or violence at the beginning of a TV programme. Instead, they come at the end of a book which is, indeed, a little embarrassing in places. Garton Ash sets off, with the help of a file kept on him by the East German secret police. in you live so you would not be search of his slightly callow youthful self. "What a gift to memory is a Stasi file," he exclaims. "Far hattar than Proust's madeleine."

In the file, Garton Ash finds photocopied pages of an old notebook, secretly taken from him in 1981, on which he had noted variants of "the dissident's first commandment", the As If principle: "Behave as if you lived in a free country", or "as if

try as if the Stas! were many", a professor exposed always watching you! Imagine your wife, or your best in despair, his unique collecfriend, reading the Stasl record of what you said about them to another friend

...or of what you did in Amsterdam last week. Can embarrassed by ft? Not seriously embarrassed, I mean." For some people these files

proved worse than embarrassing. They discovered that they owed long prison terms to close friends, lovers or spouses who bad inlost jobs, marriages, friendehips; bave been pilloried (not always fairly) in the media; have even committed suicide. In one glorious case,

adopted his own version: "somehow a perfect image gets away with it thanks to What should be done to, or "try to live in this free coun- for the end of East Ceras a collaborator destroyed, tion of garden gnomes.

In his own file, Garton Ash finds nothing embarrass. ingly dishonourable. It is the reader who feels slight embarrassment at the mature Garton Asb's delight in recounting his own youthful exploits. We learn that the Stasi's code name for

him was "Romeo". Clearly he decided to make the book, subtitled "a personal history", as personal formed on them. Others, as possible. He admits this exposed as informers, have may make its form seem selfindulgent, but insists that its

purpose is not. Each reader must judge how far Garton Ash passes his own embarrassment test.

self-deprecating burnour and about, such people once the a genuinely sensitive and compassionate approach.

THE FILE by Timothy Garton Ash Harper Collins £12.99, 227 pages

dictatorial regime? It is a

humbling question for those who have never faced the dilemmas involved, and Garton Asb answers it bumbly. A common factor in the lives of the policemen he studies or interviews is "the absent killed on active service, or somewhere In a prisoner-ofwar camp...the father wbo was a Nazi or the father who

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dictatorship has fallen? Garton Ash remarks that differ-What makes people work ent countries have tried diffor, or collaborate with, a ferent solutions, but only "the new Germany" has systematically opened the files

to anyone. Garton Asb worries about the clash between the genuine interest in truth and justice of the regime's former victims and the more prurient "entertainment valoe" derived by West Germans from the public exposure of villains. "This is Luther in the world of the television taik-show. I'm not sure Luther wins." He also fears father: away at the war, the obsession with informers may have distracted attention from the real culprits.

ond half of the 20th century there was again built, on German soil, a totalitarian police state ... How this state exploited some of the very same mental habits. social disciplines and cultural appeals on which Nazism had drawn, and those same fateful 'secondary virtues' - duty, loyalty, punctuality, cleanlinese, hard work ... How the German language, that glorious but all too-powerful instrument, once again lent itself to disguising evil as good." Well, let'e hope it does help the Germans to understand all that. Meanwhile. English readers can thank Garton Ash for explaining it so elegantly, and forgive any slight embarrassment along

Turbulent world of a master

Jackie Wullschlager on a complex look at Chekhov's life

Chekhov's plays made him want to tear up his own. In homage he wrote Heartbreak House, about a hizarre family who inhabit "this silly house, this strangely happy house, this agonising house, this house without foundations". The play was supposed to recall the shifting tones of The Cherry Orchard and The Three Sisters, but Chekhov's life - turbulent, exhilarated, restless, tenacious in the battle between the tuberculosis that killed him at 44 and the creative spirit that revolutionised world drama - was also something like Shaw's

In literary mythology. Chekhov is Russia's doctorsaint-genius, who helped the in his plays the humanity and wisdom behind the medical man's ironic, detached façade. This biography gives us a more complex picture. Rayfield, a Chekhov expert since the 1970s, is the first British biographer to have access to the full editions and letters which were expurgated by the Soviet authorities, and be bas uncovered a magnificent amount of new material

In place of the cool

observer, Rayfield gives us a Chekhov embroiled with family, friends and a myriad of lovers all of whom challenged his autonomy as an artist, his space to write, his bealth, while drawing him into their lives so intensely that they enriched his own imagination. Through a minntiae of farcical detail about eiderdown-lined fur coats and invalid-menus of cherry compote and blancmange, Rayfield shows dayby-day how the last great plays - The Seagull, Uncle Vanya, Three Sisters and The Cherry Orchard - were written in a rush against death, and from within a marriage to actress Olga Knipper which was not, as has been thought, idyllic but a union of two ego-driven artists incapabla of compro-

mising their vocations. Most mesmerisingly, there emerges from these pages the doomed but destructively close Chekhov family: in their ineptitude, melancholy and tyranny they seem to epitomise the Russian condition, and they make us see how Chekhov, founder of modern drama, of the theatre of the absurd, of cruel comedy, could have come from nowhere else.

Anton Chekhov was born in Taganrog, a small port on the Sea of Azov in south Russia, in 1860. His father Pavel was a monstrous patriarch and a useless merchant who took his failure out on his family: his five sons were thrashed mercilessly while a daughter, Masha, wae treated like a china doll. Tyranny and lies crippled our childhood so much that it makes me sick and afraid to remember." Chekhov

As V.S. Pritchett points out in his brilliant short life of Chekhov, this "cynically abandoned child" separated from his family had much in common with Dickens, alona of his siblings put to work in the blacking factory. He was lonely, self-reliant, watchful, The older hrothers sank

into drink and debauchery. but Anton studied medicine. He observed illness at the

ernard Shaw once Sakhalin, and he became a said that reading respected doctor. "His bent for diagnosis and forensics was apt for a writer too," says Rayfield.

The paraliels with his development as a writer, his ability to penetrate and depict emotions, were uncanny: 20 years later, watching Three Sisters, "the public saw their lives enacted: the three sisters stood for all educated women marconed in the provinces ... Masha had every unfaithful wife in the audience in tears. So moved was the audience that the curtain fell to total silence". Yet Chekhov the dramatist was neither surgeon nor judge, and thus the tragicomedy: Masha's husband. decked in a false beard, acts the clown to stop her conthe death offstage, Chebutykin, prophet of meaninglessness, sings Tararaboom-

Rayfield makes Chekhov at work a heroic figure.

ANTON CHEKHOV: A LIFE by Donald Rayfield Harper Collins £25, 674 pages

fighting a public who didn't understand, family demands and a frail body. When the first performance of The Seagull waa booed offstage. Chekhov, "lips blue . . . face frozen in a grimace", said "The author bas flopped", and vanished into the

Petersburg night. The Moscow Arts Theatre reversed public perceptions and though Stanislavaky acted Trigorin "like an impotent recovering from typhoid", the response to his Seaguil was ecstatic. From then on, Chekhov and the Moscow Arts Theatre were locked into a relationship of mutual need and desperation: when he gave them Three Sisters, Chekhov was "writing his marriage contract to both a theatre and an actress".

Chekhov'e two great pas sionate female roles, Masha and The Cherry Orchard's Ranevskaia, were composed for his wife Olga Knipper. But to write them he needed the relative warmth and calm of Yalta; to enact them she had to be in Moscow, rehearsing, drinking, coming home at dawn. They married in 1901, and for five months a year they did not see each

other. The Cherry Orchard (1904), farewell play of a dying man. was inspired by a summer Olga and Chekhov spent at Stanislavsky's country house Liubimovka, standing on a river eurrounded by fields and forests north east of Moscow.

By the end, Chekhov was wafer-thin, coughing nonstop; a trip to Baden-Baden to restore him was fatal, and he died in his hotel room, where the doctor ordered champagne for him because everything else was useless. Chekhov could hardly walk. noises came from his chest. But he seemed not to notice. He was interested in anything but illness. Why are sucb precious contents locked up in such a frail vessel?" asked a Irlend. This enthralling biography gives us a sense of the physical reality of the man and of his inner life, of the lonely process of composition and the vivid bustle of stage and performance. It is a marvellous

حكنا من الاحل

Jackie Withschlager og ;

111

Water Barrell

Carnal cruelty and the joy of sex

Lynn MacRitchie is intrigued and disturbed in Whitechapel

lender spikes of lusc-like objects, now open, Furbulen world of suede and leather. folded and sewn like flayed splkes. Dusted with white flesb, giant whips like tumbling entrails, cold glass and rusting metal - those who enter the Whitechapel Gallery this summer should beware. The British sculptor sinister black ribbons. a master Catby de Monchaux has filled its lower galleries with ber own very disturbing cre-atioos, exquisitely crafted the cut tracery of black mementoes of erotic unease.

Things begin quietly enough. The large glass piece propped just inside the door, although warningly titled "Rocking the boat before the storm ahead", 1994, seems harmless at first glance, the eye becoming absorbed in examining the fine detail of the black paper squares cut into doily-like patterns held between the

It takes a moment or two to notice the red, tongue-like protruberances which emerge from each top and bottom corner, pinned down beneath the sharp edges of the glass. Turning round, heavy-metal bolt snuggled in half way up the walls on red velvet encased in denim, either side of the door is set "Dangerous Fragility", 1994, a two-part work. The lefthand construction of pierced brass panels, bolts and cords and dark folded leather is closed up tight as a clam. The one which occurries the equivalent space on the wall on the right is pulled cruelly open, revealing folds of pink suede in an alarmingly

gallery walls creep with mol-

fretted brass knot-ted with cruel their metallic exteriors cords, biting into revealed in folds of pseudo flesh, pulled back on savage powder, they seem ancient, eternal. More glass panels more detailed decoration. their corners adorned with

In a particularly delicate example, "Assuaging doubt paper replaced with plain white paper strips, the gaze is drawn to splashes of colour which on closer exami-nation are revealed as photographs of fruit, flowers and vegetables. Interspersed with these, however, are the dead eyes of fish, staring up from the fishmonger's slab. Peer closely enough at the beauty of nature, the piece seems to say, and you will gaze into

De Moncbaux has devaloped ber singular vision over the past 10 years, not deviating from a path which began with small objects such as "Erase", 1988, a or the heart-shaped, velvetlined, metal hound "Once upon a f***" of 1992.

These early objects, and the smaller ones in the present show, are in the tradition of work on erotle themes by women artists such as Meret Oppenheim, she of the Surrealist fur-covered teacnp and sancer which never loses its power to shock, or Louise Bourgeois, with her sculptures of



The lucity ones: "Krishna and Radha": Pahari School, Besholl style c.1730 featured in Krishna: The Divine Love

or the paintings of Dorothea Tanning and Leonora Carrington, of crazed maidens in sex haunted rooms.

There was mystery but no shudder. ambigulty about their works, and there is no ambias vulnerable, penetrable. The obsessive detailing of the pieces - crafted from breasts and arms conjuring suede, leather and finely structure. Two larger ver-

viewer into looking ever crustacea have crept inside closer, probing the secrets of to masquerade as seats, these folds of pseudo skin until drawing back with a

The most recent pieces in works, and there is no ambi-guity here. De Monchaux is and "Never forget the power mesmerised by the terrors of of tears", both 1997, expand the flesh, those secret places the work into installations. where the body reveals itself in "Confessional", the glass panels, coated with whitewash, have rearranged themselves into a gazebo-like

curves of cold metal upholstered with waves of pink, pleated suede, set on either side of a jagged, rusting screen. Within, all is dysfunctional. The pink seat covers, obvious in the need they imply, repel the reluctant sitter. The glass walls let in light, denying the

darkness necessary to whisper confessions. The rusting screen makes

soft flesh from cold marble, wrought brass - seduces the sions of the wall-mounted lovers' klsses impossible. This curious chamber is a temple to frustration. "Never forget the power of tears" fills the centre of the gallery, a silent room in which a panel of tormented pseudogenitals lies in the centre of the floor, flanked by 12 plain panels of lead, like tomb slabs, heavy dark and empty. The anguished flesh cannot be satisfied, it seems, only released in death, in

by the increase in scale, the the divine. The needs of the transition from concentra- flesb accepted can be trantion on to absorption in the scended in joy: in De Monobject not quite resolved - chaux's cruel tableaux of but the move into a larger scale is intriguing.

Narming: 'Suck Violets' 1996 by Cathy de Monchau

Upstairs, in blessed relief, in a touring show of 16th-19th century indian miniatures organised by the South Bank Centre, Krishna: The Divine Lover, luckiest god of all, frolics wth his milkmaids, celebrating physboth pieces, the intensity of ical love-making as the the smaller works is muted human spirit's longing for Centre.

denial, only frustration

Cathy de Monchaux, until July 27. Whitecbapel Art Gallery, Whitechapel High Street, London E1 7QX. Tel: 0171-522 7888. Showing with Krishua: The Divine Lover, a national touring exhibition from the South Bank

Records / David Murray

A serious prodigy with Blu-Tac strings

mysterious links between music and maths is that precocious composers, like tend to go far. Not all of them, of course; some die early, and some just fizzle out. Still, more of the revered masters of those arts began as young prodigies than in any others.

Among British composers. George Benjamin and Thomas Ades are arguably the first grade-A prodigies to have turned up since Benjamin Britten - if less extravagantly precocious than Mozart, Schubert or Mendelssohn. Modern music is more of a mine-field than the tidy, well-defined territory of Austro-German classicism, and it takes longer for a serious gift to achieve recognition amid all the newer "ism"s. Anyhow, you can judge for yourself, for there are two new CDs

devoted to their recent work. Adès (b. 1971) made a strong, instant impression in the PLG's annual "Young Artists" series five years ago, playing his own Still Sorrowing for "prepared" piano (middle strings damped with Blu-Tac. removed as the piece proceeds). It was patently original, perfectly designed, and sounded a personal, expressive note: in short a new, true voice. Everybody wanted to hear more.

Soon his dazzling small-orchestra fantasy Living Toys oppeared, and in due course the opera Powder Her Face - nasty libretto (not his), but a marvellously inventive score. By then pre-Sorrowing pieces were circulating, and new ones getting quick premieres. It became clear that games, iokes and tricks are favourite triggers for the Ades imagination, but never substitutes for intricate

musicianship. The Ades CD (EMI Classics 5 89699 2), his first, includes Still Sorrowing; his striking if uneven opus 1 -"Eliot Landscapes", for soprano and piano; three other ingeniously refined pieces; and perhaps most

characteristic of all, Life Story (1993), a wry post-coital monologue after Tennessee Williams.

For that, EMI really ought to have stretched the budget for the original pair of bass clarinets with double bass, instead of leaving Ades to accompany it at a plano. Never mind: this first conspectus of Adès is greatly worth hearing, as much for pleasure as by way of preparation for his next CD (including Living Toys and the quartet Arcadiana, among other music), due this autumn

Ades looks like being prolific, praise be. George Benjamin (b. 1960) is not, despite his precocious beginnings with Ringed by the Flat Horizon, A Mind of Winter and At First Light,

It became clear that games, jokes and tricks are favourite triggers for the Adès imagination

which have travelled the world swiftly. Too fastidious? too self-critical? or just too busy conducting his own and other composers' works (at which be excels)? At any rate, his pieces - when they do come are always worthy of their predecessors, and usually hreak new ground as well.

Benjamin's latest CD

(Nimbus NI 5505) runs from his 1979 Octet (too nervously Messiaenic to bother with now) to three fine, grown-up works. One of them, Upon Silence, is played twice: the original version of 1990, for mezzo (Susan Bickley) and five viols, is hauntingly beautiful, and the more practical 1991 version with seven modern strings lets us hear how strong the construction is even when deprived of the viols' ravishing buskiness.

There is also Sudden Time (1969-93), a remarkable canvas for large orchestra (the LPO) which deploys some unusual sounds tablas, recorders and a quartet of alto flutes - with Benjamin's always-unerring ear; and his Salzburg Festival commission from two years back, the Three Inventions for chamber orchestra (the London Sinfonietta), tingling with calculated drama and rewarding to bear over and The whole programme

displays Benjamin's mature breadth, and not only the extreme finesse and grace that first made him noticed. A new Deutsche Grammophon CD (447 761-2) does something different for the 71-year-old Hungarian master György Kurtág. We know him above all as a great original miniaturist: even his few longer pieces, like the Memories of Miss R.S. Troussoog that made him famous, are composed o brief, trenchant sections. But Claudio Abbado and

the Berlin Philharmonic have chosen to record two Kurtag works which, though quite short, have a huge and almost shocking impact his 1989 Grabstein für Stephan ("Gravestona for Stephan", friend), and the 1994 Stele (another in memorium for another friend), one of his rare pieces for conventional orchestra. The DG recording transmits them uncannily raw and direct; not quite the Kurtág we have come to know and love, but something other - stark and inconsolable, though as usual without a single

extraneous note. The disk is completed by Stockhausen's seminal Gruppen of 1955-57, for three orchestras. One hears that Stockhausen thinks it all too slow; but even in mere (brilliant) stereo, without three separate the workings of this extraordinary piece as one has never beard them before. Unmissable, at least for afficionados of that heady period of musical

elevision can be a remarkably effective medium for hlography, a fact illustrated by two forthcoming examples on BBC2: today's profile of Arthur C. Clarke, "The Man Who Saw The Future" in The Works (8.55pm) and next Saturday's portrait of Michael Foot, Labour's Old Romantic. Of course, a televised biogra-

phy, even if you record it and keep it on tape, is not the same thing as a book. As a reference tool the book is nstantly addressable: take it off the sbelf, consult the index and go straight to the relevant page. With video-tape you have to load up a VCR and spool through the cassette, repeatedly stopping and starting in order to find the place you want, assuming you can tell where that

True, CD-Rom is addresssble, but you cannot - yet -make a CD recording from your television. Once the endlessly promised "convergence" takes place and we can all construct our own electronic databases, things may be different. So far the book is still, in many ways,

Yet television does have its own advantages. The clips from 2001 in today's programme, bowever brief (goodness only knows the prices charged to this programme, but movie extracts can be prohibitively expensive, costing bundreds and even thousands of pounds) are not merely useful but vital. The programme's central assertion is that Clarke, who was born in Minehead grew up in Taunton and has hived most of his life in Sri Lanka, is one of the world's great visionaries.

It is simple enough to

show the technical magazine in which Clarke, in 1947, described his Idea of using satellites in geostationary orbit as super-high relay stations for telecommunications. But how to illustrate his thoughts in the 1960s about artificial intelligence and the possible consequences of a machine which, whatever Asimov's Second Law of Robotics may have laid down in 1941, decides to disobey its human master? The answer, ohviously, is to sbow the scene in 2001 where Hal, the computer, delivers the chilling lina "I'm sorry Dave, I'm afraid I

Even more important to some of us is to bear again that slow start to the Blue

can't do that".

Television / Christopher Dunkley

The art of biography

Danube waltz which gave sncb a paradoxical profundity to this extraordinary work - and you cannot get that from a book. Nor could you achieve quite the impact which comes from seeing Clarke's brother talking about him, or Arthur C. being consulted live on American news by Walter Cronkite on the night that men first walked on the moon.

Also vivid and telling are the film and newsreel extracts used to illustrate the life of Michael Foot in next Saturday's programme. As with some of the previous excellent political portraits made by Michael Cockereil, this one shows its subject seated in black limbo watching monitor screens display-

Observing himself during the famous occasion at the Cenotaph when he wore a duffel jacket, Foot is, rightly we may think, bluffly dismissive of the fuss that was made about it. (Could it have been the way be wore it casually draped open rather than the design which offended?)

reviewing these two programmes on the same afternoon, l was prepared to find tbe Cockerell "autbored" documentary more effective tban the Clarke profile. Cockerell wrote his own programme, did the interviews, and voiced his own script.

ods of his life and reacting to than having Zoe Wana-

maker, an excellent actress but presumably no expert on Clarke, reading a script written by someone else, with input from all sorts of other people, and interviews by yet another person. Sure enough, judged by

Labour's Old Romantic is a better programme. With contributions from nephew Paul Foot, wife Jill Craigie, and friend Spike Milligan as well as numerous politicians, and many archive clips, you do come away with a far more detailed impression of the subject, and many more subtle insights. Of course, having nearly twice as much time belps, as does a subject tician which you will never whose life has been inten-

Yet the distinctions are not that dramatic, and many viewers will prefer "The Man Who Saw the Future" not just because politicians bore them while Clarke is, to many, a fascinating individual, but because the pictures which illustrate Clarke's life seem more interesting. Living in Sri Lanka, having gone there for the outstanding sub-aqua opportunities, being involved with movies. computers and science fiction and particlpating in intercontinental video-conferencing, is all the sort of activity which lends itself ideally to television biography. In other words, television, as we know so well loves striking pictures.

But, with or without them. there are qualities to be gained, and aspects of character to be conveyed, in a televised biography of a poli-



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The Kirov's corps de ballet in 'Don Quixote': the production

ervantes it most certainly ain't. Spanish, hardly more so, save unlikely Iberiao fashion known to ballet companies. Tremeodous fun it most definitely is. It, of course, is the Kirov Ballet's production of Don Quixote, which had its first Loodon showing this week at the start of the company's latest season at the

The most immediate comment I can make about the staging is that I once saw it on three successive nights in Leningrad (as was) and relished each moment of each evening. It is a ballet that Petersburg's artists have performed since 1871, when Petipa mounted it there. It made little eoough sense a century ago. Now. as much revised and edited hy the ballet-master Gorsky in 1902, it is a romp huilt round the highest of jinks for a ballerina and her partner, attended by an extremely Hispanic corps de ballet, by gypsies, toreros, street-danc-

Russian cure for Don Quixote

The Kirov Ballet has added fun to an old romp, says Clement Crisp

vantes, surfacing for a hrief Minkus and a few other seen. obliging hands.

It is a ballet which only succeeds if it is done by the very hest dancers. One might qualify that further by adding "the very best Russian dancers". Which is, for us, the Kirov. The production has been edited for maximum hravura over the century. It retains, very importantly, many elements of the 1902 design made at the Mariinsky by Konstantin Golovin. The back-cloths are sures.

ers, naiads, windmills (Cerhandsome, ideally conceived And, like every good romp, vantes, surfacing for a hrief for a ballet of this type in like the best farce, it must be moment) and a pimento-fla- fixing atmosphere and locavoured score from dear old tion, and demand to be

more mixed and unlikely, ranging from the "possibly Spanish" to the dressing-up hox nonsensical. But who cares! The stylishness with which this Don Q is performed hy each and every member of the cast - the speed and vivacity of the ensembles; the muscular richness which brings vivid shape to every barmy oumber - are the key to the Korovin and Alexander evening's unalloyed plea-

treated with a certain seriousness which, with the Kirov, means technical and elegant style. At the heart of the piece, bowling it along at highest speed, are Kitri and Basil, roles that can bring out the best (and sometimes the

very worst) in ballerina and

premier danseur. Definitive Russian performances for me have been those hy Maya Plisetskaya, a supernova of wit and technical dazzle, and Vasiliev and Maximova, who could do no wrong. These were Holsboi stars. To hold high the ban-

ner of Kirov style on Tuesday night, who better than Altynai Asylmuratova and Igor Zelensky. Asylmuratova, stagger- joys.

stage, and proceeded to light up the evening with temperament, a fan, castanets, high kicks, naughtiness, yielding feelings for Basil, wicked glances, and a general impressioo that she was having a whale of a Spanish time. She was in all things adorable, wonderful, and most adorably and wonderfully so when flirting with her solo in the final grand pas, which she caressed, toyed with, brought off with

Young Britain theme: In

Hearts and Minds, Mark Car-

ruthers met young people

from the divided areas. One

couple had contracted a

mixed marriage and the

Protestant wife insisted on

bringing up their baby as a

Catholic despite her family's

opposition. Soch happy

Romeo and Juliet endings

seem rare. Kids who had

shared holidays organised by

conciliatory bodies discover that the other side is normal,

wears similar clothes, has

the normal human distribu-

tion of heads per body; but

defeats criticism.

a langbing artistry that Zelensky, looking about as Spanish as the Nevsky Prospekt, revealed immense technical resource and, no less exciting, a fine sense of comedy. (His "death" by stabbing himself reduced a little boy sitting near me to shouts of delight: the tot is already a critic.) He plays to Asylmuratova, and she responds, with a tangihle sense of common pleasure in what is happening. And this gives a heart to the ballet itself: their joys are our

all thanks. And to Viktor Fedotov, yet more laurels. He inspired a fast-paced, quick-witted account of the score (which is happily kept in its old-fashioned orchestration) from the Kirov's musicians. He and they are heroes too. A splendid even-

The Kirov Ballet season continnes, with mixed repertory, until Angust 9 at the

Rothschild's lottery legacies

Antony Thorncroft on the impact of the latest cash windfalls

Rothschild, chairman of the Heri-Lottery Fund, becomes the nation's parkia once again, distributing another £8m to help repair one of the most loved, and most ignored, of British treasures, the urban

This top-up on the £57m allocated in May means that 77 parks, ranging from Shef-field's Botanical Gardens to Russell Square in London, have received £65m from the lottery to make them shipshapa. Of course, Incal anthorities must do their hit, and contribute another £15m or so over the next decade in partnership funding, but the 8m weekly visitors to city parks should soon see a difference.

This is one use of intery noney that arouses few protests, unlike the Heritage Fund's first grant, in March 1995: the £11m to rescue for the natinn Churchill's archive, a cache of paper that the nation thought it already owned.

Since then, Lord Rnths-child has guided the Heritage Lottery Fund quietly but firmly into calm, uncontroversial, waters. There was hnarding his lottery money - some £300m a year. There can be few complaints about that now. "For the first 2½ years we had enough money to dn anything, but by the end of 1997 we will have committed £450m and nur reserves will be very low." Already there are disappointed applicants and, with the fund's revenue likely to shrink by £50m a year when it loses the proceeds from the mid-week draw to health and educa-

tion, there will be more. Lord Rothschild furinltously foreshadowed one of government and adapted a strategic approach to his lottery windfall. This involved making a priority of certain obvious areas that needed support, initially museums, urban parks and, to a lesser extent, churches, and bombarding them with cash after carefully conducted beauty contests. To date mnseums have received more than £300m; urban parks, £70m (by the end of the year); and churches, a higger nnt to crack, £37m to date, in a joint scheme with

English Heritage. Next on the block is local heritage initiatives, which range from preserving hedgerows, to cleaning 600 ponds, to safeguarding village greens and parish halls, to helping English Heritage fund more urban conserva-

Still to coma are programmes involving a huge nvestment in education and information technology. which, strangely ennugh, are also obsessions of the new government. Finally, when the natinn's main museums have been refurdished, when every village has been returned to pristine glory, when churches are re-roofed and canals cleared of weeds, the fund will tackle the big one endowment funding. Lord Rothschild expects to spend up to a quarter of his income in this area.

Except that by then he

n Monday. Lord will have left the scene. Or Rothschild, chair- will he? His six-year stint ends in March, but he has grown so attached to certain projects, in particular his ambitious plans for Somerset House, and his commitment to parks, that he would like to stay on in an advisory role. Lord Rothschild's great

hope is that, in 50 years' time, when the lottery has been hijacked to fund health and education, the Heritage Fund's efforts will be recognised. By the time he quits he will expect to have solved, in part nr in whole. some of the hig heritage challenges facing the nation - providing the extension: which Manchester City Art Gallery has sought for a cantury; snrting nnt the National Galiery from the National Portrait Gallery; modernising the South Bank - the final solution, with the Heritage Fund sharing the cost with the Arts Fund, should be annunced next week - safeguarding the Royal Naval College, Greenwich, which has been rescued from the bands of the estate agents; and prising Somerset Hnnse from the grip of the Civil Service. Taking up another theme

He can even see a case for the Heritage Fund taking over English Heritage

tage secretary, Chris Smith. Lord Rothschild believes his fund should initiate good ideas rather than just respond to them. For example, he is happy to take on its nwner, English Heritage, can come up with a more modest proposal involving free access, to replace the £44m scheme just turned down by the Milleuninm Commission, say one costed at around £25m, be is sure the fund chald find the money. He can even see a case for the Heritage Fund taking over English Heritage, the kind of tidying up process that might come from a Labour government. But Lurd Ruthschild's

great preoccupatinn is Somerset House. He was largely responsible for stitching up the deal under which Arthur Gilbert's unrivalled collectinn of silver will occupy a gallery in the under-appreciated 18th century huilding. He is now trumpeting architect Rick Mather's ideas for a vast tented pavilion in the courtyard, which could seat 5,000 people and act as the temporary home for, successively, a homeless Rnyal Opera House, and a one-day homeless English National Opera. In time, he wants culture to take over all of Somerset House, and a pedestrian bridge nver the Thames linking it with a revitalised, and dnmed, Sonth Bank arts centre.

Lord Rothschild will leave the fund next spring in a strangely unsatisfactory way; with much more in the process of change than changed already. But the transformation has begun.

Radio / Martin Hovle

'Tis the season to be marching

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3 July to 24 August 1997

in a week of paradoxes came from the Bishop of Bath and Wells in Wednesday's Thought For the Day. Someooe referred to as Bisbop Jim might be expected to support the natioo's predominantly suburhan view of fox hunting. Instead, be came out with a timely reminder that the countryside is huntin' pink in tooth and claw; that townies are as protected from the miry, bloody and slimy facts of birth and death by the supermarket packaging on their

On Your Farm interviewed Baroness Mallalieu on the

CHEKHOV'S

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morning of the Hyde Park national holidays, prompts rally: a socialist free of kneeierk reaction, who emphasised the classlessoess of the last genuinely acciect and communal country activity. The Archers, those country

folk hatched in the middle of Britain'a second largest city. put off all reference to the questioo until Wednesday evening, when a perfunctory cooversation grudgingly ooted evan pious Shula among the rally's supporters - though Shaun's presence at Gay Pride has been made into a long-running sub-plot. Perhaps tha hunting lobby is too late; perhaps country life has disappeared already. July, with its famous

the thought that if ever the British decide on a national day, an occasion worth commemorating would be the expulsion of our last despot and the emergence of a constitutioo with respect for parliament. Oddly enough. some Britous do observe this; and trigger violence in others. The marching seasoo is with us, as pointed out by the news programmes. As one letter to P.M. put it, middle-aged men avoiding triumphalism, leaving the band behind, marching several abreast to make it as quick as possible, walked along the public highway. A

vehicles and fired on the security forcea. Thay received an apology. "Have I missed something?" asked the puzzled correspondent.

English liheral guilt is wearing as thin as the polite smile of a cocktail party guest cornered by a mindoumhing bore. Not that glib Eoglish references to Irish tribalism are any answer (have they ever been to a Millwall match?). We baptised 1688 the Bloodless Revolution only because the fighting was conveniently conducted off English soil. Belfast dogged us as tena-

their surprise at this is ciously as Hong Kong the week before, from Call Ed screaming mob burnt Stourton to Radio 5 Live's

For all the token noises of pacification, the Republicans nd Nationalists seem as fixed as the immovable Irish constitution in their determination on a unified Ireland; which suggests an ultimate Protestant Masada one day. And the vigilante justice meted out to their own communities by both sides is a terrifying sign of a continuing need for violence.

Radio 3's counterpoint to all this contrary, contradictory Irishness was a series on that ultimate enigma Burke. The Orpheus that Sailed with the Argonauts was a fascinating set of talks by distinguished academics oo that elusive politician claimed in the last two centuries by Conservative and revolutionary, Irish patriot and status-affirming Brit, patrician and republican. cold war warrior and ecolo gist - and disowned by the same groups according to political fashion. Will we ever hear of Burke the European? asked Dr Jonathan Clark quizzically of this "revolutionary whig".

Enough already. Isn't John Bull's other island sufficiently complicated? It's usual after such intriguing programmes to wish the great dead were living at this hour. To save further confusion, one can only be glad thet this "political Jeeves, a gentleman's gentleman" (Professor Harvey Mansfield of Harvard) is safely tucked away in the nantheon. God knows what side of the road ha would be

marching on.

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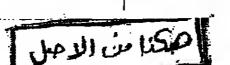
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NATIONAL GALLERY





How to Spend It

In hot pursuit of the arcane by the banks of the Arno

If you want to look as elegant as the chicest of the locals, follow Lucia van der Post's trail of discovery through the backstreets, where Florence's intriguing ateliers and boutiques are situated

o Florence for Pitti Uomo, one of Europe's biggest where How to Spend It was being honoured with the Classico Italia award for raising the appreciation of Italian design. So. a chance not just to catch up with cutting edge Italian menswear, but also to roam around one of Europe's loveliest cities.

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One of its charms is that it is relatively small; wandering around you still come across small ateliers where the products - whether picture frames or table cloths. shoes or lanterns - are still made by hand with love and care and where special orders are not a nuisance but a privelege.

What this also means is that shoppers venturing into the arcane arena of Florentine antiques should he aware that with such craftsmanship around, all is not always what it seems - wonderful "Renaissance" pieces are knocked up in workshops daily.

So are "antique" picture frames, 16th century lights and all the other goodies that tourists long to take home.

That said, it is still a terrific place to shop. With the lira at nearly 3,000 to the pound, it is almost bargain

basement time in Italy. The smartest street is Via Tornahuoni where all the grand names cluster but the more interesting little atehers and boutiques as well as the traditional purveyors of household goods are to be found in the smaller streets Via della Vigna Nova, the Via Roma and the Via Maggio (this last especially for

antiques). If you want to look as nonchalantly elegant as the chicest of the locals, the shoes to wear for climbing church steeples, traipsing round the Uffizi and wandering abroad in the market-places are J.P. Tod's. Soft as butter, more of a slipper than a shoe, with studded undersides they are the perfect traval-cum-driving moccasin.

Now there is a J.P. Tod's in London (at 35 Sloane Street), but it makes better sense to stock up in Italy where they are at least £50 cheaper (roughly £130 as opposed to £175).

Get a head start with the range of four fine leather handbags and holdalls that J. P. Tod's has just launched in the £360 to £600 range it's well worth the 25 per cent saving. Already they have been seen on the arms of the Princess of Wales and Catherine Deneuva. J.P.Tod's is at Via Tornahuoni 103.

Less of a fashion victim's favourite, more of a private secret, is Arfango's range of high-quality shoes. Coming out in the autumn will be the Capri. Made from one piece of soft, soft leather, hand-stitched, aublimaly comfortable, it is a recre- 10kms from Arezzo. For reaation of tha classic, traditional Capri shoe. The range is available in good Florentine shoe shops.





J.P.Tod's new holdall range sported by Catherine Deneuve



J.P.Tod's moccasins worn by Princess Caroline and daughter

Other Italian-based design- the direction of Arezzo and ers' wares, too, are cheaper on the spot, so if Ferragamo or Gucci or Prada are your particular bag, not only will you find the prices slightly easier but you will probably find more choice.

Prada fans might be will-

ing to face the long journey 60kms outside Florence and sons best-known to Prada, there are no visible aign-

Monte Varchi. There you pay a taxidriver to lead you to the outlet which is as cool and ordered as a Prada store, except that it is in a anonymous shed. Most of the season's best sellers are there -

at vastly reduced prices -

though not always in the

make for the station at

Shoes were reduced to £50, a silk coat down from £500 to £200, a big range of knitwear and a selection of dresses, fashionable see-through flimsy evening wear, all with varying reductions.

Back in Florence, the Via Porta Rossa is filled with small shops worth exploring, but don't miss out on Fulegi a resolutely old-fashioned household drapery store where you can buy hotelstyle white cotton towels, huckaback glass towels, pure linen sheets at £130 for a king-size sheet and two pillowcases.

If like me, you can't find a tablecloth that fits your table or your tastes they'll make one in under a week and post it to you. I've

EMMA HOPE'S SHOES SALE

12 Sumons St. SW3 0171 259 9566

linen edged with a wide beige linen border, 9ft 6ins by 4ft 6ins, price £102. Some of the classiest smells in the world come

from Florence. The Farmacia di Santa Maria Novella at Via del Escala 16 is an old favourite and even though there is now a small version in London'a Walton Street, it is still worth a visit. Once a church, it is a haven of all things dalicious-smelling from perfumes and essences to soaps, pot pourris and talcum powders.

A new discovery is Lorenzo Villoresi, who describes himself as a "perfume explorer". If that sounds pretentious, believe me, having seen what he's doing, I'd go along with it. His perfume temple-cum-laboratory is on the top floor of a medieval palazzetto in Via del Bardi overlooking the Arno.

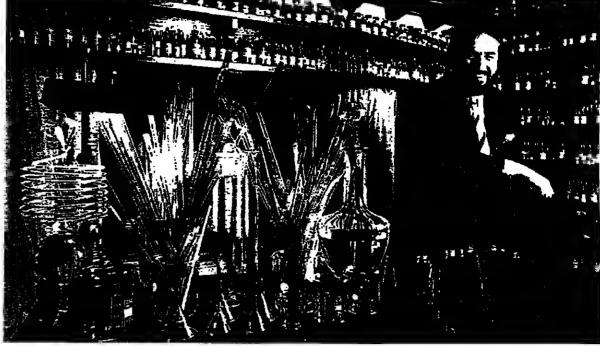
Here ha mixes and matches his lotions and potions, using something like 1,000 different essences to create new perfumes all the time. Among the essences on sale are the smell of cut-grass. Mediterranean (all sage, rosemary, myrtle, thyme), Uomo (essence of man), tobacco (sounds horrid but actually smells wonderful), wild poppy, afrodisia, orientale and lots more. All these can he hought singly or combined to make a completely personal scent. These can be mixed in just a few days and come with initialled bottles encased in beautiful plain tobacco-brown leather. The pot-pourris are won-

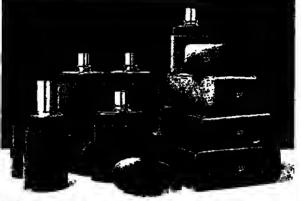
and little green cones release the scent as they open.

unique; heady and strange, they smell of whatever chooses. You can put them in little rings around lightwonderful plain white alabaster containers or in terraccota lanterns. There is also a full range for the bath anything from £1,400 to - the small soaps make won- £2,000. In Britain, they can derful house presents. In London, Fortnum & Mason sells some of the ready-prepared scents hut, in Florthe full range.

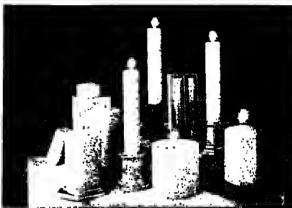
Tessilarte weaves some of the finest softest linens and cottons around. Customers can visit the workshops and Via Toselli 100 and then buy truffle oil make splendid from the show-room downstairs. The men's pyjamas bome-made pesto in the deli-and dressing-gowns would catessens is infinitely preferous present, as would any of (and if protected with a thin the household linens.

information that President Nelson Mandela has a little cache of Brioni suits. As he is photographed more or less exclusively wearing rather bright ethnic shirts, I had no of this, possibly the most range of sizes you might luxurious, ready-made suit Audley Street.





sed scents and lotions from Lorenzo Villoresi



Brioni, as students of the genre will know, is one of just three companies in the world which provide handmade ready-made suits (Oxford of America and Kiton are the other two) and has recently become suit provider to James Bond, The Brioui suit, famed for its lightness and classic yet Italian cut, is, it seems, the witness to almost all modern political and historical events as something like seven oot of 10 statesmen and presidents wear them. passing on the name like a particularly precions busi-

"The business card of the derful - some have pieces of suit," says Umberto Angethe buttonhole" and you can the resin which helps to fix always tell a Brioni suit by its buttonhole - hand-made Room scents are also and finished, edged in the finest of stitches, it has a little loop at the end. "When essences the customer one husinessman sits next to another, the Brioni suit wearers recognise each other

ness card.

This clnh isn't cheap to join - Brioni suits (the ready-made versions) cost he bought from Beale & Inman, 131 New Bond Street, London W1, but in Florence they are marginally cheaper at Brioni, Via Calimala 22. There is also the full panopoly of shirts, ties and other Brioni accessories to choose

For those looking to spend see the looms in action at a great deal less, bottles of small(ish) presents, the make a sumptuously luxuri- able to the bottled varieties layer of olive oil will keep The most surprising discovery of my visit was the fridge); and don't leave without the biggest piece of Par-

mesan you can afford. Also, track down the best grappa in the world - the lemon-perfumed Limoncello. I first happened upon it in



Horentine aristocrat, Simone dei Conti Rucellai, dressed by Brion





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Galliano genius meets Dior tradition

couture realises fantasies of aesthetic and artistic perfection, weaving s waking dream around an audience. John Galliano has tha most fertile imagination in fashion and in his autumn collection for Dior he showed what can be done when it is allied to the \$6bn might of LVMH and the belief, as be says, "that God is in the details"

Galliano ordered an 18th century pleasure garden to be recreated in Parls' Bois de Boulogne, with topiary peacocks, an art nouveau bridge, an abandoned picnic and a meandering catwalk among the roses and birdsong. He garnered the best embroidery, the finest lace and fur and the loveliest models and captured, sometimes in one outfit, the splendours of imperial India, tbe elegance of the Belle Epoque and the tailoring of Christian Dior's New Look. For 20 minutes 1.000 people were transported to a richly exotic world.

Dior has long experience of perfume-launch extravaganzas and is now duplicating this on its fashion side in a bid to return the house to its former glory as a byword for Parisian style. This collection was more significant for both Dior and the future of haute couture than Galliano's first in January, One sumptuously beautiful, exquisitely executed collection could be called beginner's luck. Two starts to look like genius.

Galliano has already cocked a giant snook at the Jeremiahs ready to declare the passing of haute couture. Nearly 200 outfits were made from the first collection for clients who include the Princess of Wales, closa to the total the house would previously have expected to make in a full year.

Clients prepared to pay £20,000 for a worthwhile piece of Dior couture - douhie the often quoted couture starting price - might be surprised at the speed with which the collection is forged. The catwalk versions

One beautiful collection could be called beginner's luck. Two starts to look like genius

are made as painstakingly as the clients' own clotbes -80-120 hours of work for an average jacket and not a sewing machine in sight but they are made in a 24hours-a-day burst of creativtty in the three weeks before

Five weeks before show day, in the warren of white, north-lit rooms high above the Avenue Montaigne which form the Dior atelier, all is silent activity while orders from the last collection are being completed. One young man can he seeo scrutinising and selecting delicate lace fabrics - the only sign of progress on the

Yet the ideas, both for each dress and the setting of the wbole show, are already concepts in Galliano's mind. The collages of paintings by Klimt and Mucha, old photographs of Maharajas' daughters and Ndebele tribeswomen and swatches of glinting fabrics, which together build up the "character" of each outfit are already pinned on the wall.

Three weeks before the show fabric is being draped, wound and scissored on dummies by Galliano. his assistant Steven Robinson and the atelier chiefs. Talk is in "workroom French", though when Galliano refers to "hort coot-ewer." one wonders quite how he gets by. There is respect and empathy on both sides: "I ask them to do impossible things. They suggest six different methods and expect me to cboose." The workroom staff enjoy his love of the craft; he in turn always says "we" when referring to his Dior work. As the chief of PR at Dior, Bernard Danillon, puts it, "younger designers like the team spirit. There are no more edicts from on high."

Maybe, hut Galliano has a clear vision of what be wants at Dior and that is, in his words, to "Gallidiorise it. Like Karl Lagerfeld at Chanel, he respects the house's history and style but Christian Dior, was, be admits, one of his idols, as anyone will realise if they have seen the dogtooth cbeck Dior dress currently on display in the Imperial War Museum's 1940s fashioo exhibition. Now, be says, "l

ern identity."

This might raise hollow laughter from those wbo believe he is too historically very rarely been ugly. influenced. Yet the truth is that couture customers has learnt the designer's would rather look beautiful than experimental and this must oot fall into the trap of involves timeless principles talking to older clients

bending it to his own plan. for its couture ceeds a mod-tion. Over the years Galliano couture tradition from them may have suggested shapes extraordinary to the point of unwearability, hut they have

Finally, and humhly, he greatest lesson - to listen to his customers. "I love

INFORMATION

and they understand how to interpret from the catwalk," he says. "Aftar all, my designs are only an invitation, which they can alter as they will."

crucial. Take away the biascut train from a long tweed skirt, add a flesh-coloured slip to the infamous embroidered tulle nude dress. reduce the swags of a Rajstyle Diamanté stomacher from eight to two, and you are left with wonderful, wearable, modern couture as sported by members of the audience varying in age from actress Emanuelle Béart to president's widow

Claude Pompidou.

Over the past six months, Galliano has got his feet firmly under the table at Dior. In addition to conture, he has four ready-to-wear collections a year, and has added two axtra collections to his John Galliano range, also now LVMH owned. He has, he points out, "a collection deadline every five weeks," and he is fired up and thriving oo it.

He has carte hlanche to

from accessories to shop style, in a way that the house's recent designers did not attempt. His ideas will be unveiled in the redesigned Paris flagship store, to be opened in late Septem-The balance he strikes is ber as a blueprint for global expansion of the marque. He

is not afraid to be lconoclastic. As he takes time to relax and talk, two weeks before the show, his own style hints at the rebel within. He wears a double-breasted Dior suit, a plain cashmere V-neck and no shirt. So far, not so unconventional but more riveting is the single. pigeon's egg-size pearldrop earring, glinting against his dark hair. Back at the Galliano work-

room, the hair extensions and leathers go back on, but now he is in Dior mode. He translates this ability to take on different personae to each outfit for the collection. going over every detail of the mythical woman for whom the dress was created. Less than a week before the show, the fittings begin in the studio's inner sanctum. Designer, workroom

ust occasionally hante has no compunction about believing that I am Mr Dior, of proportion and decorabecause I learn so much of influence all design at Dior, pered for anything - a fitting can take from 10 minutes to three hours. American model Carolyn Murphy, preparing to become a Toulouse-Lautrec dancer in a tiny hustled corset dress and a high red wig says, "I know no othar desi works like this. At the fitting I am shown all the back-

His ideas will be unveiled in the redesigned Paris flagship store, to be opened in September

ground material that inspired the design and John talked me through the role. Before the show we walk it through on the catwalk and we act all the way." At the same time, film-set

designer Michael Howells starts work oo the garden chief and model must be pre- set and marvels at both the

detail. "John has been here every evening, talking to the team. That makes them want to do a brilliant joh."

With superlative reviews, what more amhition can Galllano have? Ever the diplomat, he says only that "LVMH is also developing my own range" - but it is known that he hankers after his own couture house. This would only regularise a de facto situation - a propor tion of the John Galliano range is already handmade special orders. Development is needed in the lower-priced ready-to-wear and this is being addressed.

If Galliano were to have his own LVMH-backed couture house it would give him unprecedented power. Every designer has his day and LVMH should strike before burn-out does. Some years ago, two top fashion editors had a bet on which designer would be more important by the millennium - Yves St Laurent or Christian Lacroix. With less than three years to go, the signs are that both were wrong.

Illustration: David Doumton

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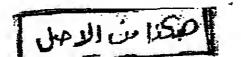


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FINANCIAL TIMES WEEKEND JULY 12/JULY 13 1997

MOTORING

Desire for 4x4s goes into overdrive

Stuart Marshall finds a four-way split in attitudes to the ever-popular on-off the road vehicle

when they said conditions. οf four-wheel drives - sports utilities, on-off road recreational vehicles, lifestyle 4x4s, call them what you will - would decline this year. The figures have had the

makers, busily introducing

new models (Daihatsu Ter-

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are flags, or

ios) and revising old ones (Jeep Cherokee and Wrangler), rubbing their bands. The market seems to have split four ways, At the bottom are the proper 4x4s - their wives drive them, rough, tough machines like believing they will be safer the Land Rover Defender and Daihatsu Fourtrak tonnes of 4x4 than in a less owned by people who really

prophets of doom. know they will be able to kit for a country cottage. got it all wrong keep moving in the worst

> Next, the vehicles that go just as well on rough terrain as Defender and Fourtrak but are civilised enough to be reasonably practical, if thirsty, alternatives to large family estates - Land Rover Discovery, Mitsubishi Shogun, Isuzu Trooper, Toyota Land Cruiser and Ssangyong Musso spring to mind. And, at the gilded tip of the pyramid, the Range Rover.

Suburban husbands insist doing the school run in two massive looking - though need four-wheel drive to get just as safe should the worst round farms and building happen - estate. Other huysites and who tolerate lack ers are affluent weekenders

he motor trade of comfort hecause they who rate a big 4x4 essential

Third, the smaller on-off road all-wheel drives - typically, the Suzuki Vitara, Toyota RAV4, Honda CR-V (this column, June 3) and Daihatsu Sportrak, In the main, these are bought to improve perceptions of the owner's lifestyle. When floodwater collects under the railway bridge at the end of the road (or the council is late with gritting) their extra traction and higher clearance come in handy.

But it is all like the jodhpurs worn fetchingly hy young mums for school runs and shopping that will never be marked by saddle or stirrup leather. It is the countrycum-equestrian look that counts. Also, the high driving position and butch out-



Who needs a road? The Daihatsu Terios - looks like a toy but has off-road muscle

dently makes many women feel they are less likely to be hullied by aggressive males.

very powerful cars like the Mitsubishi 3000GT. It has to living in remote areas who be said, though, that two-The fourth class is the oth- wheel drive with an elec- four-wheel drive car to keep erwise normal 4x4 road car. tronic traction control sys- mobile in winter are not well The added grip of all-wheel tem works nearly as well catered for. Fiat's Panda 4x4

line of an on-off roader evi- drive has a calming effect on and avoids cost and complication. In Britain, motorists need a cheap, economical

imported its AX 4x4. The it is a nimble and vigorous sole choice today for those of limited means is Suharu's little Justy, a bargain at well the high teens - say 18-19 under £10,000 on the road.

A new class of on-road 4x4 cars with increased ground clearance is emerging. They drive with family or executive car stability and comfort, but an excursion across fields or down a rough farm track will not cause expensive scraping noises underneath. Suharu's excellent Legacy Outback high clearance estate has a costlier Volvo counterpart, Others are in the pipeline. Back to the present, Dai-

batsu's five-door, 1.3-litre Terios (£12,200) and better equipped, air-conditioned Terios-plus (£14,000) are affordable alternatives to conventional hatchbacks. They will also challenge the five-door 2.0-litre, automaticonly Honda CR-V (from £16,850), Toyota RAV4 (from £17,318) and Suzuki Vitara (£16,625). Terios goes on sale on August 1. Its four-wheel drive system is permanently engaged and the centre differential locks if the going becomes really slippery, But, like the CEV and MV-4 (though not the Vitara) it lacks a high-low range transfer gearbox.

You could call Chrysler American on-off road classic. It has been around for many years. Whereas Land Rover to look more like a highslung Mercedes S-Class, the latest Cherokee's understated lines have hardly changed despite many genuine improvements. It is not enormously roomy in the back, but the squashy not too much of a pinch. If more space is critical, the Grand Cherokee 4.0 starts at

£26,350). More luggage space bas been won by using a compact spare tyre. The minor controls and internal ambience are now more European than American. Detailing is excellent. Arrive home after. dark, operate the central your way indoors.

transmission is silky and very high gearing makes the Cherokee a relaxed motorway cruiser. It does not feel get on well together.

disappeared; Citroën never at all bulky in town, where car substitute. But overall fuel consumption will be in

> The new Wrangler Sahara flaunts its visual links with the immortal wartime Jeep. Having spent several days in Nevada and California in one of its predecessors, clambering over rocks the size of telephone boxes, I need no convincing of its go-justabout-anywhere capabilities. But it is not really made for Britain, where it is fine one day, pouring the next

It would best suit countries where you leave the top up all winter, down all summer, because it is about as easy to raise and lower as a tent. (How spoiled we have become, with even quite cheap convertibles having power-operated tops.) On the road, its tyres crash noisily

Some affluent weekenders rate a big 4x4 as essential kit for a country cottage

into potholes and wind roar styled the new Range Rover rules out conversation on a

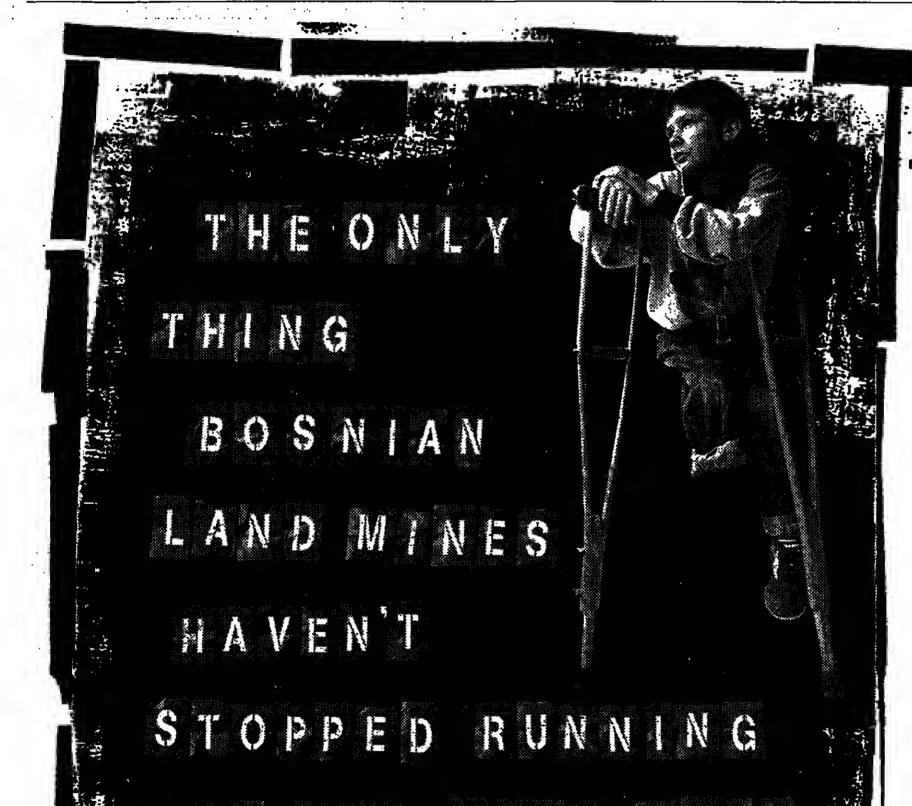
Despite its new coil suspension, the Wrangler bucks on country lanes like a wayward horse. The front seats are large and comfortable, there is little luggage space. leather seats of the £22,750 The 5-speed transmission is Cherokee 4.0 Limited I drove pleasantly light, the 4.0-litre Cherokee 4.0 Limited I drove pleasantly light, the 4.0-litre recently took four adults engine so full of low-speed very comfortably and five at pulling power that fourth or fifth gears at little more than tick-over do for traffic. Use the gears positively, and the Wrangler accelerates fiercely enough to keep sporty hatchbacks at bay.

So who would huy one? Perhaps a classic car huff who used to own a 1920s motorist who likes to sit ahove lesser cars, loves locking - and the headlamps ultra-high gearing and toler-stay on long enough to light ates an uncomfortably old-fashioned ride, But he no The ride is a touch longer wants to spend hours wriggly, but the automatic with his head under the bonnet, and is fed up with juggernauts outperforming him. He and a Wrangler would



Bucks like a wayward horse: the Jeep Wrangler - for the most





War in Bosnia, with all its fear, injury and death has now been replaced by peace in Bosnia, with all its fear, injury and death.

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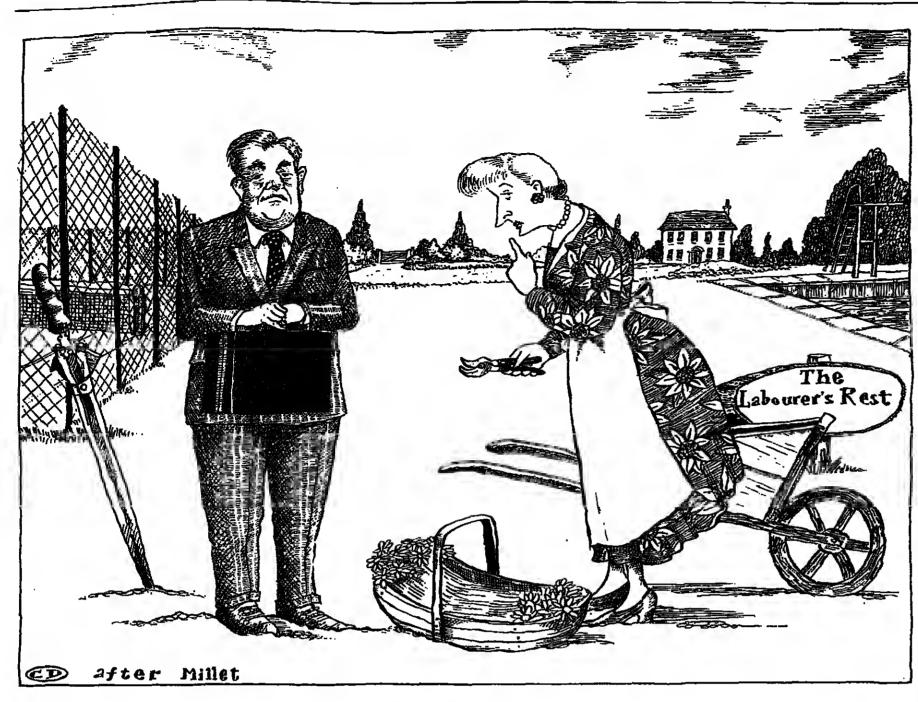
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Tied to the land but not of it

Sally Smith on the excesses practised by those exploiting the relaxed rules about workers' cottages

able in their bardedged just-built rawness, in their gardens of bare earth and embryo planting.

Suburban units in rural try bomes which appear to bave evolved organically

How did such houses, and a host of former agricultural huildings, get planning consent? They gained it through a planning condition known as an agricultural tie:
"The occupation of the

dwelling shall be limited to o person solely or mainly employed or last employed, in the locality in ngriculture as defined in Section 290 (1) of the Town and Country Planning Act 1971, or in forestry (including a dependent of such n person residing with him), or o widow or widower of such n person."

Introduced just after the second world war, this special condition has allowed houses to be huilt in some of the loveliest and most isolated parts of rural Britain. Fifty years ago the exception was an acknowledgement that, although the construction of houses in rural areas was to be avoided, there was a need for farmers and foresters and their workers to live where they worked.

years it bas allowed some PPG7. pretty defiant flouting of the

bouse the rural labourer but rather city workers resting from their labours.

Talk to any chartered surveyor in any part of the country and he will catalogue the excesses: farmers with attractive period farmbouses, who successfully applied to build additional accommodation and then sold off the original house for a hefty sum; wives of wealthy industrialists who argued that keeping a few chickens or ornamental ducks made them farmers and thus gained consent to huild a farmhouse.

Exponents of ostrich farming, rare breeds, herbal remedies and even honsai culture have attempted to huild bomes far removed from a

worker's cottage. Today, those houses with their temperature-controlled wine cellars, swimming pools, tennis courts and indoor riding schools are all too evident. And this has prompted the Department of accommodation" - not a

But in the interveuing new planning guidelines -

Designed to prevent development described in the polin the 1980s in particular, lcy as "speculative" and when the rush was on to stemming from applicants acquire a place in the coun- seeking to exploit "the physitry and when demand for cal and financial advantages settings, constructed of dwellings - from estates to of a new house in the coun-pseudo-heritage materials cottages - was such that it tryside", the aim is to ensure and a world away from coun- far outstripped supply, large that farmers' bouses and numbers of bomes were huilt those of their workers are using this loopbole, not to justified, suited to the nature

> Caravan dwelling is not a concept with appeal to those fleeing Pont Street,

of the farming enterprise and its income - and to bona

fide occupancy. For instance, clause 114 states: "If a new dwelling is essential to support a new farming activity, whether on a newly-created agricultural unit or an established one, it should normally, for the first three years, be provided by a caravan, a wooden structure which can easily be dismantled, or other temporary

appeal to those fleeing Pont bolding of such a size would Street, SW1.

in future, it is also going to be necessary to establish that "the intentions to engage in farming or forestry are genuine, reasonably likely to materialise on the kitchen table. and capable of being sus-tained for a reasonable period of time".

Michael Fletcher, planning consultant with Lane Fox, whose beat covers the Cotswolds. "If someone is serious about farming, living in a mobile bome for three years won't deter them. And if tbey can sustain an income from farming for three years, then they should be able to continue to do so."

He also applauds the greater emphasis on the nature of the house which is to be built. PPG7 states that they should be "of a size commensurate with the established functional requirement" and that dwellings should not normally be permitted which are "unusually large in relation to the agricultural needs of the unit, or unusually expensive to construct in relation to the income it can sustain in the long term".

This can cause problems for existing farmers who have a good case, however. One, who bought an 800-acre arable farm with only a cottage to accommodate his the Environment to issue concept with immediate worker, expecting that a

planners have limited the that a study is not needed as farm accounts can be done

The new rules will also require planning anthorities wrong people have occupied "Quite right, too," says more arcane points of agrarian finance. "New permanent accommodation will not be justified unless the enterprise is economically viable," explains Joe Hiram of Hamiltons at Gloucester.

> financial test, and probably an explanation of farming He also fears that much will be down to interpretation hy individual planners,

"This is going to lead to a

in particular the precise meaning of "locality" That is for the future. Today, there are many houses occupied by people

who in no way comply with the conditions. Some are newly-built, others have been bought in the past, the owners having taken

gamhle that they will he overlooked, or their occupatlon has genuinely and unavoidably changed. In theory, they can be forced to leave their homes but rarely have the planners exercised this option.

There are now signs of change, partly because of a

"certificate of lawfulness of fully justify a new farm-house, has had a shock. The ment". This is a device which automatically gives size of the house, arguing planning consent for an occupancy or activity if it has continued over 10 years without challenge.

In other words, even if the lenge, the tie will be lifted

automatically. Thus local authorities are making efforts to ensure that this does not happen by asking for a statement from occupiers that they comply with the conditions.

If the authorities find out to the contrary, they can hardly let matters rest, especially as the guidelines suggest that the operation of occupancy conditions should be monitored and enforcement action taken where

And it is no use hoping to sell quickly - for purchasers must comply with the same occupancy conditions, thus severely limiting the number

of potential huyers. No wonder that there is an entire industry involved in getting these ties removed, not least hecause, at a stroke, the property will double in value.

Anyone thinking of buying such a house - or currently living in one - should be fully aware of all this and take some expert advice.

Roses

Heaven in the Lyon backstreets

Kevin Pilley visits the first stop on any rose lover's holiday

the size of her hips. She cannot stop talking about them.

The higger her hips, the happler she is. Masqueller owns and lovingly tends La Bonne Maison, her garden in tha backstreets of Lyon. Europe has some of the finest rose gardens in the world. In Italy, there is Rome's Municipal Rose Garden, a natural amphitheatre on the alopes of the Aventine Hill. The Netherlands has Westbroekpark in The Hague, Spain boasts the Parona del Oeste in Madrid. Ireland has St Anne's Park in Duhlin, Germany the Westfalenpark in Dortmund and Denmark the Valhypar-

ken in Copenhagen. Britain's main collections are at Queen Mary's Garden in Regent's Park, London, and the Royal National Rose Soclety's Gardens of the Rose at Chiswell Green near

St Albans, Hertfordshire. In the US, the most famous rose gardens are at the home of American chocolate, Hershey, Pennsylvania and the Park of Roses in Columbus, Ohio.

France has three well-known rose collections; La Roseraie de l'Hay les Roses and the Bagatelle (both in Paris), and the Parc de la Tête d'Or in Lyons. Lyons, which has Europe's largest protected Renalssance quarter after Venice. should be the first stop on any rose lover's holiday.

The first hybrid tea rose, La France, was bred there in 1867 hy Jean-Baptiste Guillot, and in 1900 Joseph Pernet-Ducher (the Wizard of Lyons) brought yellow to bedding roses when he created Soleil d'Or from a red to become educated in the a tied house continuously for hybrid perpetual and the more arcane points of agrarthe set period without challer Persian Yellow. A seedling -3-35-40 - raised by François Meilland was flown out on the last American aircraft to leave as France fell in 1940. Once nurtured, it was placed on the tables of the subsequent peace conference and came to be known as Peace.

The Parc de la Tête d'Or a golden head of Christ is said to be buried in the grounds – is France's largest urban park and admission is free. Children can enjoy the huge hoating and fishing lake, the train and zoo.

The 293-acre park contains 100,000 roses, including a colection of miniature roses. It is also a trial ground for new roses. Everything is there pillar and pergola roses. ground cover, miniatures, floribundas, standards, halfstandards, centiolas, rugosaa climbers, ramblers, musks, noisette China roses, the ancient Rosa alba (the white rose of York) and Rosa gallica (which was increasingly propagated and became popular during the

Crusades), 16th century dam-

asks (from Damascus) and

adame Odile bourbons (China fused with Masqueller is damask). At this time of obsessed with year, you cannot move for hlissful hicoms.

Every petal is represented reflexed, riffled, frilled, open-cupped rosette spllt and pompon. The gardens contain roses unknown to many gardeners and not generally available from stockists, such as Vulcan, Belle de Londres, Heidesommer and Dolce Vita. And no hlack spot or rust in sight.

Masqueller is the font of rose knowledge and a tour of her garden is like being in heaven. She gives regular conducted tours. Now a world authority on roses, she started gardening in 1966. Her collection of 630 varieties comes from as far afield as California, India and Australia. She is partic-

ularly fond of old roses. If you have problems with thrips, balling, lackey moth, cockchafer, honey fungus or leaf-rolling sawfly, she is happy to be consulted. She talks while you dead-head.

Masquelier, a world authority, is happy to be consulted. She talks while you dead-head

An introductory lesson from Masquelier is recommended. Then you will know how Empress Josephine helped popularise roses when, in 1799, she created a display garden at Malmalson, ber château near Paris; following her divorce in 1809 her interest in roses intensified and the blooms became fashionable for the wealthy to grow on their estates. That the first hybrid perpetual, Rose du Roi, appeared in

That the first elegant upright pink, Ophelia, dates from 1912; the first hybrid polyantha, later called florihundas, Else Poulsen, was created by the Dane, Svend Poulsen, in 1924.

You will also hear her talk of great and famous rose growers, such as the German Kordes family and Britain's Alec Cockar and Harry Wheatcroft, with the same reverenca as if they were vineyard owners. La Bonne Maison, 99 Che-

min de Fontainiere, 69350 La Mulntiere, Lyons. Tel 00-33-478 373 837. July 19-20: National North-

ern Rose Show, Ormsby Hall, Middlesbrough. ■ July 20: Rose Day nt Windsor Great Park.

July 27: Rose Day at Castle Howard, York. August 3: Rose Day of Newby Hall, Ripon.

ampton Court Flower Show is still open to visitors today, and tomorrow until 5pm You can buy almost anything: a new strimmer for a mere £249, a metal armillary sphere with which to calculate the heavens for only £750 or a thatched mini-cottage for the children at £2,200, without fireplace. Start them young and you may risk them growing up to want a Daily

Hampton Court stands for glorified shopping if you can pick your way through the demonstration barbecues and cultivars of doughnut. Sometimes I dislike it in its new form, pining for the early 1990s when alpines in pots still cost £1 and nobody had the nerve to try to sell a standard border-plant like Helenium Moerbeim Beauty for £5.50, or seedlings of the easy bienniai Salvia turkestanica at £3.50. The days of value shopping

Mail Dream Cottage which is a

visual nightmare.

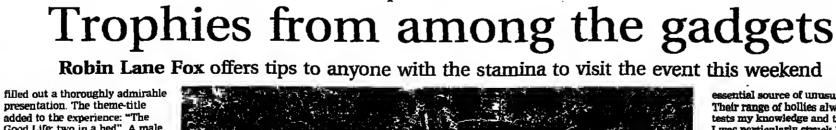
would not find at your nearest nursery. Sometimes, even now, 1 do enjoy it. The best of the outdoor gardens along the waterfront is being shown by Leyhill Open Prison, reassuring those of you already who regard their garden

have gone: there are certainly no

bargains, hut some exhibitors

have brought plants which you

as a life sentence. l could imagine owning something like lt. Tomatoes climbed up the pergolas and parsley had spread underneath Gourds, nasturtiums and ornamental types of vegetable



Good Life: two in a hed". A male bounder in a panama hat rounded off my pleasure by remarking that three would be even better, although HM's cell arrangements probably prevented them from realising it. He was on day release from the private clients department and was visiting unaccompanied.

May I recommend marquees five and eight to anyone with the stamina to visit this weekend? Marquee five has two outstanding arrangements of perennial border flowers which show once again the artistic heights now mastered by our best exhibitors.

Rushfields of Ledbury have graded colours with their usual sensitivity and are showing a range of plants round which l would willingly build a new border, Their hrightly-coloured Monardas would probably he short-lived, hut it is good to see old friends like Cambridge Scarlet in top form and to be reminded that this family is an excellent filler for borders which

move slowly in early years. Rushfields' most sought-after

plant has been Penstemon



Hampton Court Show

In Leyhill Open Prison's garden, vegetables make a bid for freedom

Digitalis - as the experts bave now named one of nature's little nuzzles. This plant looks like both a penstemon and a foxglove and grows nearly 3' high, to judge by the exhibits. Its leaves are flushed with red-purple and the small flowers are an enchanting combination of lilac and pink-white. I have put it on

my shopping list for a less frenetic occasion.

In the same marques, Hardy's Cottage Plants are following up their Chelsea-style with a splendid cottage garden, divided into groups called past and present. Past includes old friends Calendula Apricot, which we

could all grow more often from

seed. Present includes some signs of the future, including an unusually deep pink form of Gaura lindheimeri which has a rich colour and great prospect, though it is not entirely hardy. Marquees I and 2 include particularly fine exhibits from Mallet Court Nursery, that

essential source of unusual trees. Their range of hollies always tests my knowledge and this year I was particularly struck by the fresh green llex corallina from China which has hardly any spikes. Variegated oaks and an exceptionally good Japanese maple called Acer palmatum Filigree rounded off an unusually interesting selection.

Further on, Brian Hiley continues to enlarge our ideas of good, half-hardy plants for potting and bedding. This year's star turn is his dark maroon-red Pelargonium Schottii from South Africa, never previously shown and not easy to grow but irresistibly beautiful in Its combination of flower and grey-green leaf.

Marquee eight is something of a haven after the vulgar pottery and glazed ware which is being sold outside it. As usual, the tent is given over to National Collections of particular families. The middle of the tent is taken up this year with some expanses of water garden which I found pretty dull. The edges have one or two exhibits from particular families which repay close attention. There is an extremely welcome exhibit of Angel pelargoniums, a great favourite

of mine because of their long flowering season in window boxes and containers. Derek Lloyd Dean of a Lynwood Close. South Harrow, Middlesex HA2 9PR, supplies by mail order only and has a range of these small-flowered varieties – the

most fascinating I have seen. Take note for next year's bedding as plants can be ordered for for 1997-98 at £2 each. His neighbour, J Bradshaw of Herne Bay, Kent, turns out to be the national holder of honeysuckles and the stager of an extremely interesting range of named forms of the more standard types of honeysnekle which we all grow.

I had vowed on a no-shop policy, reinforced by the inevitable entry fee to what could be regarded as mainly a trade fair, I weakened, however, before the specialist salvias and would have weakened several times over before the remarkable range of Box which is offered by Langley Nursery, Rake, Liss, Hants.

l am reflecting with pleasure on my main purchase, a red Salvia of the most vivid shade. Salvia hlepharophylls is said by its nursery to be hardy at .10°C. I have my doubts, but meanwhile l cannot resist this old friend, so much prettier than the beastly scarlet bedders in our city centres. It grows 18 inches high and supposedly flowers from July to November when I expect the frost will kill it nonetheless. Somehow a vivid red salvia seems the right trophy from a day among the gadgets around the Hampton Court marquees.

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White State of the State of the

PROPERTY

n a hill, dominating the valley slopes, stands Aynho Park, a classic 18th century country house in south Northamptonshire. It is ooe of nine grand houses owned by the Country Houses Association that provides retirement housing with a difference. The houses have been divided into flats, but the gardens and the main rooms are communal, and three meals a day are provided - and included in the service charge. At Aynho, a suite of

Such a classy route to retirement

Gerald Cadogan looks at twilight in grand surroundings

Association the CHA started the end of the occumency. before repaying the remainder. This system still

> The size and position of the flat, and the location of the house govern the size of than Northamptonshire, for example.

services and professions. At Aynho, loans range
After the second world from about £25,000 on the At Aynho, loans range north side of the house to a doomed way of living and £85,000 for an upstairs flat a part of British social bis- on the south front. They are recover. Facing crippling incomers who may have sold death duties and 98 per cent their last house for £500,000.

income tax, many owners As in retirement schemes, could not afford to keep such as those of Beechcroft hem. and English Courtyard Asso-In 1956, the CHA (MHA) ciation, residents bring their own furniture for the flats acquired its first property. Danny, a grand Tudor house and, in some houses, their under the South Downs at own table for the dining Hurstpierpoint in West Susroom, Services include hot sex that Lloyd George had water and heating, cleaning, used as a safe place for cabimeals, resident administrators - couples - and gardennet meetings in the first ing. Many residents also have a patch of their own

To pay for the properties refurbish them, and help in the general gardening. Greathed proposed that residents abould make an interest-free loan to the CHA of a
fixed sum, from which the
CHA would deduct a 3 per
cent annual depreciation

to 21,300 for a flat with

tenders no council tax or cent full," says Bennett, "but running the scheme), and then visit a bouse and meet the administrators.

He said the houses were to a stay as guests

the administrators.

After that hurdle, they will come to stay as guests charge and the costs of redecorating the apartment at bathrooms: homes. It is a condition of which time the residents tion, Aynho (01869-812800).

superb state rooms occupies

the south front, from the

orangery (now tha dining

library at the other, where

It is easy to imagine the

good life in this powerhouse

of 18th century politics,

when the Cartwrights lived

here as the leading family -and usually the local MPs -

The CHA bought Aynho in 1960, after the last Cart-

wright owner and his son

died in a car crash. Origi-

nally the Mutual Households

in 1955 when Rear-Admiral Bernard Wilharforce

Greathed had the idea of an

association that could save

country hopses at risk and

at the same time provide

accommodation, with man-

agement, services and meals,

for retired people from the

war, country houses looked

of the area

the residents have coffee.



meals.

The oldest resident is 98.

There is no minimum entry

age. Two-thirds of the resi-

dents come through personal

recommendation and are

now mostly professional

people with says Bennett a

fair number of ex-diplomats.

ex-military people, and for-

flat in one of the nine houses

must first join the CHA

(which is a supporters club

as well as being the charity

Anyone wishing to take a

mer expatriates.

The houses also provide occupancy that resideots tory that could nevar not hurdensome sums for guest rooms at £10 a night - leave when they are permapopular with families com- nently unable to reach ing to visit grandparents -

and are now offering short breaks of between two and 14 nights with hed and breakfast, at £35 a night single, or £55 double. Other meals are extra. It is a good way of using flats that happen to be vacant, says CHA chief executive Alan Ben-

The CHA has 250 flats in its nine houses with room for up to 350 residents, including guests. "At present, we are 80 to 85 per

several bedrooms and two were they running geriatric for a couple of nights, at

meet them and ask them in for drinks. Then they can

Soma houses have vacancies, some waiting lists. It takes between six and 18 months between making the decision and actually moving in, Bennett finds.

The CHA is seeing a surge in new lettings at present, largely because it is easy to sell property, although it had a sticky patch a few years ago.

Bennett thinks the CHA could soon be ready to take a 10th house. Customarily, the CHA only takes a house and surrounding gardens, but not the park or farmland. "We are not hig landowners," says Bennett. "We just want the gardens round the

The houses (in Berkshire, Devon, Essex, Kent, Northamptonshire, Surrey, Sussex and Wiltshire) are all of architectural interest - and open to the public, when residents guide the visitors. Maintaining the houses

and grounds is a principal obligation for the CHA. At Aynho the goal now is to restore the temple in the garden, and the ice house. Country Houses AssociaOn the Move

London proves its capital value

Gerald Cadogan tells of some staggering returns

central London year ending in March 1997 were, oo average, 25.9 per cent, new figures from Savills suggest.

This easily heats farmland, which saw s 19.3 per cent return in 1996, and equities at 14.9 per cent. It is a staggeriog result, reflecting the sharp rise in capital values and the

obtainable higher reots. In rental values the sharpest rises have been in Kensington - 17.4 per cent in the year to March 1997 with house rents rising more than flat rents. Chelsea and Knightshridge did not do so well, with a typical 9 per ceot rental increase io the year till March 1997.

Princely pile

At Burnham in Buckinghamshire. Nashdom is an unusual country house designed in 1908 by Sir Edwin Lutyens for a Russian prince and his wife, a

otal net returns as a small palace for plea. from investing io sure and entertaining. But they both died after a property in the few years, and in 1926 Nash-

dom - "our home" in Russian – passed to an order of Benedictine monks who were there until 1988. Now listed Grade II*, it has been converted into spartmeots as a joint venture by Fairbriar and MacLeod.

Nashdom shows Lutyens in Georgian mood, with a counterpoint of white brick and green shutters and a warm tiled roof. He has tucked the house into the slope of the hill, and pulled its two levels together by building it around an interior courtyard garden.

Lutyens must have in its formality, is a sophisticated counterpoint to the bouse's 17-acre "wild" garden of beeches and rhododendrons.

Five flats are still for sale in the house, at prices from £195,000 to £280,000, and others are on offer in the new east wing, at prices from and accessible only at low

version. The agent is Savills (01628-663435).

Early Lutvens

In Camberley in Surrey. Lutyens designed Witwood 10 years before Nashdom. It is in his early arts and crafts, large-cottage mood, emphasising irregular shapes and odd corners and keeps many of the orig inal features. Carson (01252-846846) asks for offers over £325,000

Romantic ruin

Even more romantic is the ruined 13th century Castle Tioram on Loch Moidart in Inverness-shire. The ancient enjoyed planning this seat of the Macdonalds of Edwardian frivolity which, Clanranald, it saw constant conflict until the clan chief died at the battle of Sherriffmuir in 1715 supporting the Old Pretender, when it was decided to destroy the castle rather than let it pass to the Hanoverians. Tioram. pronounced "Cheerum", is on an island in the sea lock £225,000 to £450,000. It is a tide. Brodies (0131-228 4111) Lancashire cotton beiress. sympathetic and smart con- asks for offers over £100,000.



The nained 13th century Castle Tiorem on Loch Moldart

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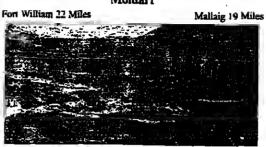
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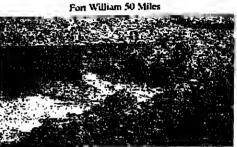


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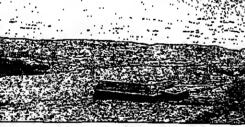
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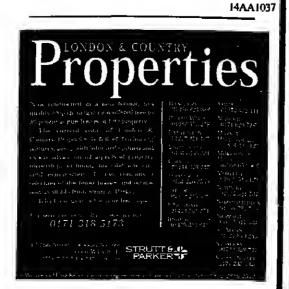
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TRAVEL

The busy bees and koalas of Kangaroo Island

In the first article of a four-page focus on Australia and its islands, Nick Haslam visits an area where more than than half the people in the local phone book are direct descendants of mid-19th century settlers who survived disease and near starvation to clear land and set up farms

caused hilarity among shouted tremulously: "The rocks are moving." But it was not a bad case of cabin fever. On landing, the sailors found the ahorelina thronged with large curious kangaroos which, never having seeu a man before, hopped over for a closer look. Starved of fresh meat after

three months at sea, the men needed no second bidding. The slaughter was terrible. The ship'a captain, explorer Matthew Flinders, gave prayers of thanks and named the place Kangaroo

Only 12km from the shore of South Australia, the island, thirdlargest in Australia, still has a

to that of the mainland. The Buicks, Turners and Wilkins who seem to occupy more than half the island's phone book are fifth or sixth generation island dwellers, direct descendants of the determined settlers who survived disease and near starvation in the mid-19th century to clear land and set up

My first day on Kangaroo Island dawned grey and cold. I joined a group of tourists for a nature safari led by guides, Brian and Ken, who in spite of having spent between them more than 30 years on the island were still considered newcomers.

"You have to be here for three generations to become a local," said Ken. We drove along wide unmade roads over the rolling and and soon came across another recent interloper. Wedged in a large swamp eucalyptus gum tree, high above us, a mate." koala drowsed away the morning. A descendant of one of the 18 animals introduced in 1918, when mainland populations were dwindling, there are now an estimated 5,000 koalas living on Kangaroo Island.

10 (Migg)

11115

"Ecologists say that we can support e maximum of 3,000", diversify or go hust. said Ken, "and overgrazing is killing the gum trees on the island which are their only food source." Culling had been proposed, but the government so far was reluctant to order the systematic slaughter of the koala, which is dear to the heart of most Australians.

As I looked up at the animal, thinking that it would be difficult indeed to kill such an endearing creature, there was a sudden fintter of excitement from two American tourists. Perched on a bough not far away was a pair of Glossy Black Cockatoos, of which there are only an estimated 180 surviv-

"The world's rarest cockie," "only said Ken, adding proudly, "only found on the island." The birds preened and called to each other.

or the first time in a life

long swooping flight to another his mates when he high gum tree. We drove on, shouted tremulously: passing wallables and kangaroos in the fields, to Seal Bay, one of the few places in the world where endangered for seals and sealions

can be still be seen In strong sun, the beach, now a carefully controlled nature reserve, was dotted with 50 or so sealions, lolling asleep on the warm sand. Beyond, in the high surf, two pups were playing and a big bull, surrounded by females suckling their young, watched us suspiciously.

"Don't be fooled by their bulk," said Brian. "They can move faster than you can run." The bull. which must have weighed over 150kg, was mottled with old scars from territorial fights with other seals or from an encounter with a Great White Shark, Brian, a keen surfer, said he had only seen one Great White in his life, "I was up on the cliffs and this 15-footer just lazily coasted through the shallow water outside the surf. It took me a few days before I got

'Blue Gum, a thick amber with a suggestion of wood smoke, was the best honey of the lot'

back in the water I can tell you,

Until comparatively recently, Kangaroo Island was a purely farming community with thousands of sheep grazing its fields. But the local economy was hard hit when the bottom fell out of the wool market at the end of the 1980s, and many farmers had to

Next morning, I visited David Clifford, who had made the unlikely transition from wool to honey. Working with hives of Ligurian bees, a docile but hardworking strain introduced into the island from Italy in 1885, he now exports honey and queen bees all over the world.

Tending a large centrifuge spinning honeycombs in the large sweet-smelling warehouse, he insisted I try a selection of his produce, named after the trees from which the bees had taken nectar. We ranged through Stringy Bark to Narrow Leafed Mallee and then both agreed the Blue Gum, a thick amber honey with a suggestion of wood smoke,

was the best of the lot. Thoughtfully sampling another

he first crewman to distinctive crests catching the some sheep but spent 75 per cent sight this coast in 1802 distinctive crests catching the some sheep but spent 75 per cent supplied the some sheep but spent 75 per cent supplied the some sheep but spent 75 per cent supplied the some sheep but spent 75 per cent supplied the some sheep but spent 75 per cent supplied the some sheep but spent 75 per cent supplied the some sheep but spent 75 per cent supplied the some sheep but spent 75 per cent supplied the some sheep but spent 75 per cent supplied the some sheep but spent 75 per cent supplied the some sheep but spent 75 per cent supplied the some sheep but spent 75 per cent supplied the some sheep but spent 75 per cent supplied the some sheep but spent 75 per cent supplied the some sheep but spent 75 per cent supplied the supplied the some sheep but spent 75 per cent supplied the some sheep but spent 75 per cent supplied the some sheep but spent 75 per cent supplied the supplied the supplied the supplied the supplied the spent 75 per cent supplied the suppl wouldn't have it any other way,"

> That night I stayed at Telhawk farm on the western end of the island. Jim and Josie Thiselton had lost out when the wool market collapsed and had been forced to shoot most of their sheep in 1991 as the farm's income dwindled by 75 per cent in 12 months. Over supper in the wide living room of their farmhouse, Jim said: "The whole of rural Austra-"Have you heard the new definition for child abuse? Leave your son the farm."

Like so many islanders, the Thiseltons had not taken defeat easily. Deer replaced the sheep, Josia took in guests, and Jim trained as a diving instructor, cove on his land to dive in the Southern Ocean.

Having made sure I would be unlikely to have a close encounter with a Great White, I volumteered to go with him. The following morning found us struggling into wetsuits and air bottles on the stern of his launch, moored in a tiny cove beneath towering cliffs.

A sealion and her pup watched from the rocks as, heart wedged firmly in mouth, I leapt off the boat into the sea. The clarity of the Southern Ocean was extraor-dinary, and we swam through kelp over deep ravines of muted soft colours at 40ft, while a frieze of white high above our head marked where the surf crashed against the rocks.

ahoulder and pointed. There, 2m away, revolving slowly on its axis, was the sealion pup, bubhles clustered around its nostrils. gazing at us curiously. The safety drills had been thorough, but Jim had not warned me about the dangers of attempting to laugh while breathing through a regu-

I nearly choked, and then stifling my mirth watched as the pup circled a few times and effortlessly flipped over and sped to the surface Back at the launch 20 minutes later, we removed our wetsuits and sat on the stern eating venison piea from Jim'a farm as the launch rose and fell on the swell.

"The problem with this island," said Jim looking up at the cliffs, "is that it gets into your blood." I understood what he meant. After only five days, I knew I would leave the island with regret.

Mick Haslam flew to Australia with Air New Zealand, Return fares London to Sydney start at £678 (April|June) available from Bridge The World, tel: 0171-734 7447. For more information about Kangaroo Island contact the Ausspoonful, he told me he still ran sie Helpline: tel: 0990 022 000.



Feeding time off Ned's Beach Arnie Wilson visits remote, boomerang-shaped Lord Howe Island

time of climbing into air-craft, I was asked by the Qantas check-in staff to edd myself to my luggage as it was weighed for my flight to the world's most southerly coral island.

belt, would you please, Mr Wil- 1788. I guessed then that Lord Howe Island, a boomerang-shaped dot ou the map some 450 miles east of Sydney and Brisbane, almost half way to Nsw Zealand, was

going to be unusual. "We don't have regular refuelling facilities on the island," was the official Qantas explanation of the need to know to the nearest nano-ounce the weight of tha fully-laden aircraft.

They also need to cater for the possibility that the aircraft may have to return to the mainland without landing this part of the Tasman can be, according to the locals, a particularly mean piece of ocean and occasionally conditions can be too blustery for a safe landing.

The next eccentric detail was having to put my watch forward half-an-hour. Lord Howe Island, Australia's most easterly domain, operates 30 minutes ahead of the country's Eastern Standard Time.

"Just step on to the luggage HMS Supply on February 17, Tropic Birds, as well as being the as big as large fowls" of which he left, would you please, Mr Wil- 1788.

Tropic Birds, as well as being the as big as large fowls" of which he most southerly breeding location caught six "by running them In the space of a few hours on the night of June 18, 18in of rain,

and flarce winds battered the island, gouging graat scars through the banyan and palm covered slopes of the towering Mounts Lidgbird (2,500ft) and Gower (2,840ft). The storm-flooded homes and ripped-up sections of the island's

fragile road system temporarily made a nonsense of the ubiquitous "Rainwater - Please Conserve" notices dotted round the island's tourist lodges. "There's too much damage for us to cope with alone." said Gary Payten, who runs the Beach-

comber, one of the lodges. "We

may have to get the army in from

the mainland." There are not many people on Lord Howe Island. The population is less than 300 and even with every tourist bed filled - the numbers are restricted by law to 400 - humans are far outnum-

bered by nesting seabirds. All was blissfully calm when I Lord Howe and its surrounding arrived to find the locals islets are the only known breedmopping up after the worst rain- ing location of the Providence storm since the island was dis- Petrel and are home for what is covered by Lieutenant Henry probably the largest concentra-Lidgbird Ball, commander of tion of the aerobatic Red-Tailed

of the Masked Booby, Sooty Tern and Noddy Tern.

always had the best of things against man. When Thomas Gilbert, Commander of HMS Charlotte, visited the island three months after Lieutenant Lidgbird Ball's historic discovery - made while returning from the penal settlement at Norfolk Island to Sydney - he wrote in his diary: "On landing, a very agreeable scene presented itself. Tha whole island appeared to be covered with trees, among which mangroves and coconuis were conspicuous. Great numbers of gannets, very large and fat, were about, showing less fear than geese in a farmyard.

"I was surprised to see large, fat pigeons, so tame as to be knocked down with little trouble. Partridges, likewise in great numbers, ran along the ground. Several of these I knocked down. Five or six dozen of the same kind came up, and I was able to

take nearly the whole lot." The birds were either flightless, like the Woodhen and White Gallinula, or fearless. Com- brought a speedy end to several mander Gilbert mentioned "birds small songbirds.

down among the low bushes". Photographer David Doubilet But the birdlife here has not refers to the island as an "oceanic larder, a stop for scurvy-ridden ships and sailors sick of British naval cooking". Aided and

ahetted hy regular visits from

The normal method of transport is the bicycle, but most people are only too happy to enjoy the splendid walks

whaling ships, extinction was the fate for a number of bird The White Gallinule was an

early victim, but the Lord Howe pigeon managed to survive for a century after man's arrival. The arrival of rats from a shipwreck

Eleven kilometres long and less than 3km across at its widest, Lord Howe Island hovers like a dream on the boundaries of the Coral and Tasman seas. It has no suakes or dangerous wild animals. "And no yahoos, thongbrigade, litter or crime," adds Bill

He must heve been right - Ken Cropper, the island's policeman, was on holiday during my visit. Occasionally he has to deal with a tipsy motorist exceeding the island's 25kph speed limit, but there are few cars.

The normal method of transport is the bicycle, but most people are only too happy to enjoy some of the splendid island walks. The island also boasts some of the best scuba-diving locations in the world. There are fish in abundance.

Every evening just before dusk, Brian Simpson, horn on the island more than 60 years ago. walks down Ned's Beach to the water bearing two containers of leftover food and slops rescued from the island's restaurants to feed the monsters and minnows

of the deep. Years ago, people used to feed them bread. Simpson, for complicated reasons better known as Carter, has developed this simple ceremony into an art form. Long before the sun sets, fish of all shapes, sizes and colours have started to gather in the bay like football fans before a big match or wild dogs awaiting a daily

Fins hy the score skim this way and that, like a sea of model yacht sails, waiting for the great man's arrival. He has hardly missed a day in almost 20 years. As he begins to throw tempting morsels into the water, the sea foams, churns and froths all around him and as myriad fish dash desperately in all directions.

Massive green-backed kingfish weighing as much as 60lb or 70lb keep the startled ocean mullet at bay, cowering close to the shore nearby, as they pounce ou the big chunks of flesh. "My God!" says one observer. "That's a 50lb fish in 6in of water." Like an old lady feeding

plgeons, Carter varies the direction in which he throws the food, trying to let the smaller fish get e look in. There are so many: Lord Howe's climate, somawhere has an unusually eclectic variety, site: ttp://www.wine.com.au/lorand to the onlooker, it seems as if _dhowe.htm

all 500 species turn out for Carter's nightly feed: Australian Salmon, Trevally, Trumpeter, the extraordinary looking Double-Header Wrasse, Silver Drummers (aka Stinkers) and even Bronze Whaler.

Only once has this watery circus act gone wrong: last year a watching child had his leg mauled badly by a small shark and had to be flown to the mainland for emergency treatment. It has to be said that the last

big shark recorded in these parts was an 18ft Tiger Shark caught off the jetty in May 1942. Its stomach, when cut open, contained a turtle, a cat, a goat, an albatross and a smaller dead ahark. Shark was not on the menu

when Bill Shead and his charming New Zealand born wife Janne barbecued some fish for me on my last night at Trader Nick's. "And we can't offer you any crocodile, either," be said. "But when yon get back to Australia" speaking as if it were a foreign country - "don't forget they have snakes and crocodiles there.

"In fact, the salties are protected these days, so they're on the increase, and moving south Before we know where we are, there'll be crocodiles wandering around Sydney."

Arnie Wilson's visit to Lord Howe Island was arranged by the New South Wales Tourist Com-

between tropical and temperate, Lord Howe Island's Internet-

TRAVEL

manda chnckled as sbe drove past an old oil barrel. It was painted blue with the words "lift um foot" daubed on it in white paint. The gravel road went up a slight hill and around a corner. It was only when I saw another barrel with the words "puttum back down" that I realised these were road signs - Aboriginal road signs on an Aboriginal road.

These signs and a lookout point near Watarrka National Park are the only features on the Mercenie loop road that traverses arid scrubland in the red heart of

The attraction of the loop is not the land itself, but the fact that it conveniently completes a circular route from Alice Springs taking in all the major sites as well as some of the more out of the way hidden gams that this part of the Northern Territory has to offer.

I had rented a four-wheel drive fully equipped for camping, and taken to the Stuart Highway. In spite of sharing the driving with my wife, the journey to the Rock seemed never-ending. I had always thought that Uluru (Ayers Rock) was just outside Alice Springs. Some 460km of paved road later, we reached it. I was four hours older, but wiser about the immensity of Austra-

lia's geography.

Ayers Rock is as awe-inspiring as the photographs make it out to be. At dusk this monolith of red sandstone glows as the fading light catches it, but to my mind the dawn is even more extraordinary. The landscape around the rock is sparsely covered with low shrubs and grasses. There is nothing with any height to it except the rock itself. As the sun lifts over the horizon its morning rays strike the rock while the ground is still in darkness. The effect creates the illusion that the light is generated from within.

It is a very special moment one that, unfortunately everyone else wants to see and, selfish this makes me appear, I resented standing in line with several hundred other people. Tours hy the coachload, minibuses from the hotels, cars and vans vie for space in the official viewing area.

Sun up and the race is on. Climbing the Rock is still the selves. The vegetation changed done thing, despite the fact that to the Aborigines this is a sacred site and not a playground for tourists. I could see a steady 348 metres in the early morning mulga bushes and white-barked cool. The Aborigines call us tourists mingas; it is the same word red gums. There was a shrill call



Champagne as the sun goes down

So long as the track is beaten, I will always find a way off, resolves Guy Marks

around us.

I was glad we had our own transport. We did not have to stick to someone else's itinerary and stay with the crowds. We left the mingas to their climb and drove to another group of rocks nearby. The Olgas, now renamed Kata Tjnta, are a less well-known formation than Ayers Rock, but even more spectacular.

Rather than being a single monolith, the rocks fractured in geological prehistory. The effects of weathering and erosion have rounded the rocks and created a maze of gullies, gorges and valleys, each more beautiful than the last. One of the suggested walks at Kata Tjuta is a four hour trek along a route called the

valley of the winds. Far from being overcrowded, we had the place almost to ourrapidly from arid clumps of spinifex grasses to rockery colonies of purple pokered flowering plants. The path wound between the stream of figures ascending the rocks, through hidden forests of eucalyptus, bloodwood and river

rupted an avian display. The path climbed steeply from

the valley floor to a high pass between two great stooe mountains. It was hot work, but a cool breeze revived us as we sat in the shade at the summit. From this vantage point we could see that the forest stopped abruptly on a plain of exposed sand which shimmered in the sun. In the distance more rounded peaks dominated the skyline. I could fust make out the dark green veins that ran between them, as they protected and nurtured their own hidden valleys.

There was an air of timelessness. It was like discovering something unique. Of course there would be many people here as the day progressed, but just for this moment I felt we were stumbling into a private world.

To cater for the constant crowds requires extensive facilities. Ayers Rock Resort, just outside the national park, has man-

modation in a no-expense-spared luxury environment.

Any number of tours and day trips can be arranged from the resort, which can transform the trip from merely admiring the

We had still to

discover the canyons, chasms, gorges and gaps on the circuit map'

natural beauty of the environment to learning something of the traditional way of life and cultural heritage of the Aboriginal people.

aged to provide these with flair at the Sounds of Silence restauand attention to detail. Accom- rant. This involved being taken modation is available to suit out into the desert to be served every pocket, from a camping champagne as the sun went

cabins and several hotels. The resort's flagship is the Sails in the Desert hotel; five-star accomented to us, including unusual dishes such as emu and kangaroo. When the meal was over an astronomer arrived and gave a commentary on the night sky

> For all its luxury, though, we were not sad to leave the resort behind and head out off the beaten track. We had still to discover the canyons, chasms, gorges and gaps that were marked on the circuit map.

After another early-morning trek at Kings Canyon, we followed the Mereenie loop swiftly towards Hermannshurg. Just before the old mission town we left the road and made the most of the four-wheel drive. The track to Finke Gorge National Park fords rivers, ploughs through soft sand and crawls over rough and al people.

bumpy rocks. The reward is to we passed a wonderful evening arrive in Palm Valley.

This little enclave of prehistoric vegetation is quite unlike the surrounding barren bush and distinctly different from the valleys

nent water here and the gorge has become an ecological haven for the Red Cabbage Palm. It is an oasis of cycads and towering slender palm trees.

Just like everything else we saw in the Northern Territory the park was well laid out with excellent facilities. Information boards suggested different walks, how long they would take and what you would be likely to see. Of course there was no five-star hotel, but the little campsite had hot showers, gas barbeques that were all part of the service and a tariff that involved putting about £2 per head into an honesty box. It was refreshingly simple, clean

and well thought out. Unlike the luxury at the Sounds of Silence, here at Palm Valley there was no champagne. We did, however, remember to bring a few cold cans of beer. The sunset glowed orange on the distant rocks and somehow we didn't miss the sound of a didgeridoo. The campfire flickered and crackled, the food wasn't gour-

needed and in the night sky we could see the Hale-Bopp comet along with the now familiar Southern Cross.

The journey was nearly over. We had seen just one kangaroo which skipped out of the bush as we drifted overhead in a hot air balloon from Alice Springs. We had dined off another. We had stayed in Alice Springs' only fivestar hotel - the Plaza - and we had seen some of the most spectacular sites that the Territory has to offer. This night in Palm Valley, though, had a calm and simplicity that capped it all. So long as the track is beaten, it is always worth finding a way off. Personally, I will look for tranquillity and a place where the road signs say "lift um foot".

Guy and Amanda Marks travelled as guests of the Northern Territory Tourist Commission (tel 0181-944 2992) and Singapore Airlines (Reservations 0181-747 0007). Singopore Airlines has a weekly service to Darwin - prices met and exotic, hot bome cooked from £800 return UK. Internol and slightly chargrilled. Each flights in the Territory are avail-

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Weekend FT

High riders in the Snowy Mountains

Nick Haslam feels saddle sore but happy after a trek in the footsteps of gold prospectors and drovers

rom Never Never Creek, through Happy Go Lucky Flat to Pinch Gut Gully, the map tells quite plamly the story of the High Country of the Snowy Mountains

The first Europeans in the mid-19th century had little time to be poetic. Gold prospectors or cattle drovers, the names they so literally scattered speak of the back-breaking toil of opening trails with pick and shovel through the thick eucalyptus scrub.

For 10 days, on horseback, we were to follow in their footsteps. A disparate group of 10 riders, we were united by a love of horses and the great Australian outdoors. From the man who looked like a bushranger in leather chaps, battered slouch hat and beard, who was, it transpired, an unemployed forklift driver from Wollongong: to the dainty British fund manager who had brought her own riding hat, jodhpurs and

We were led by John Rudd, whose family has run cattle and sheep in the Snowles for three generations. In his late 50s, he was calm and laconic carefully matching rider to mount on the first day from a selection of spirited ponies bred on his farm. Under a clear blue sky, we climbed through the pine-covered land that surrounds Canberra to the tall eucalyptus groves of the

It was November, the notoriously fickle Australian spring, and John had told us to expect anything from snow to temperatures into the early 30s centigrade. Clad in old jeans, a shirt and borrowed slouch hat, I realised quickly that I was a born rider and sat with easy insouciance in my saddle. But my smug reverle was quickly shattered. Head back, shoulders back," shouted John, trotting up behind

"If you look like a banana, you'll ride like one!"

I snapped upright and, avoiding the amused smirks of others. rode ramrod straight for the rest of the day. By 4pm we had cov-

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Ride 'em high: 'If you look like e benana, you'll ride like one

Sandy, our cook, had arrived hours before with the four-wheel drive and trailer, and a steaming billy of tea stood by a blazing fire. Stiffly, we put up our tents, and as the first stars appeared through the silver encalyptus. were served a three-course meal of soup and fresh trout, followed by damper and custard. The damper, a thick sweet bread cooked in the camp oven, was about the only thing we had in common with those men who must have camped here, wrapped in saddle blankets, more than a

century ago. - -Drovers, with berds of more than 1,000 cattle or sheep destined for the markets of Victoria 500km away, would have spent weeks on the road living on little

we sat close to the roaring fire in the growing chill of evening, Rudd told about the sudden blizzards which could sweep the High Country, and of men found frozen to death in deep snow-

"A man was known for two things: stockmanship and mateship. Your life could depend on someone else looking out for

At 5.30 next morning, an exotic chorus of liquid cries made sleep impossible. Kookaburras, cockatoos, magpies and whip hirds were greeting the new day. People slowly emerged from their tents, gingerly comparing notes about degrees of soreness before having a leisurely breakfast by the fire.

By the time the beat of the sun

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i's challenging water features opening as 1996 - Barryo's Sens Lock Ruddens Residential Colf

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ered 20km, and eased ourselves but damper and anything else could be felt, the tents were with relief from our saddles at they could bunt in the bush. As pecked and the horses, corralled during the night by a portable electric fence, had been fed their nosebag of oats, Finally, and with some trepidation, we climbed carefully on to our borses and

> be-following afternoon, coming across some rough country, we found Sandy's trailer stranded across the track with a broken hitch. But even here, high in the mountains, belp was not far away. A radio call was made and next morning, a small open truck came bouncing along the track.
> "G'day all," said the driver.

> "Having a bit of trouble John?" He found and bolted on a new trailer hitch before climbing back into his vehicle and heading off

"That's Darren," said Sandy, "Part-time car repair man and racehorse owner - people up here can turn their hand to most

On the third day, a group of horses suddenly appeared on the other side of the valley. They wheeled, startled by our appearance, and then took to their neels, led by a big brown stallion. "Brumbies," said Rudd. These wild borses could make excellent mounts but were notoriously difficult to catch.

"We snared a stallion earlier this year," said Rudd. "He came into camp after a couple of our mares, and two Kiwis managed to get a rope around him. Mind you, be dragged them for a half mile before they brought him up. I gelded him, and he's a good herse now. Those Kiwis, though, were sore for weeks".

As the days progressed, the aches and pains subsided, and when we came into the Kosciusko National Park, where John Rudd had farmed sheep for many years, we could put the borses through their paces, cantering over the high rolling open

rise, John pointed to a ootch in the skyline far away. "We'll be camping on the other side of that," be said. It seemed impossible we could ride so far in a day, another 200 still to go. hut that afternoon, we rode across a wide plain just before Nick Haslam flew to Australia the cleft in the hill, the watercrossed the area with great care, -

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high open country, winding down through gum trees to the shores of Lake Ecumbene, part of the

"In a beautiful sunset we cantered the borses for the last time. At the paddock, the horses were unsaddled and, sensing their free-The views were stupendous, - dom, galloped down to the edge and one morning; as we crested a of the lake to roll in the shore's sandy gravel. It was sad to say goodbye for we bad covered more than 200km together, I knew that ,all the riders wished there were

with Air New Zealand. His horse shed of several rivers. It was - trek was organised by John and known as Boggy" Plains. We Roslyn Rudd, Reynella; Adaminaby, NSW 2630, Australia. Tel: leaving the horses to pick their 00-61-64 54 2386. Fax: 00-61-64 54 way over the treacherous ground. 2530; A seven-day Heritage Horse On the final day, we left the Drive including food costs AS950.



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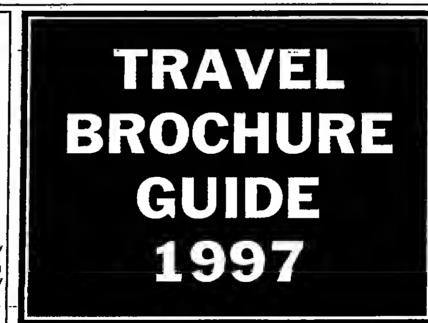
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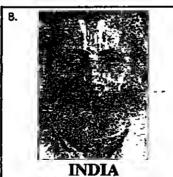
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Wet behind the ears after a dry run at sea

Drifting off-course underwater, Nick Haslam is given lessons in the art of appreciating the Barrier Reef

your sausage." quickly reached into the envelope, and within a minute, the long cylinder was swaying a good 6ft above our beads.

"Well done," said Angela. For a moment the absurdity of the situation made me laugh. Here I was. clad in rubber, a heavy gas bottle on my back. floating in a strong current, staring up at a plastic orange tube as if my life depended on it. But then, I

thought, maybe it did. We were adrift in the Coral Sea under a grey sky, and the masts of the Anaconda were barely visible in the high swell. There was no question of swimming against the current and we were, I knew, practically invisible from the distant deck of the yacht.

It was really all my fault, too. I bad lost my bearings under water and, by the time we surfaced, the strong tidal current had carried us far from the reef into the open

One look at Angela quelled my

From the moment the yacht anchored, life became a blur of activity

fear. An experienced diver, she had learnt her skills in the icy seas of Scotland's Scapa Flow. Sure enough, within minutes we heard the sound of an engine. and the Zodiac, with Eddie the dive master at the helm, came bouncing into view.

my shame-faced apologies. "At incentive to do so. least you did the right thing by Many of these b

It was the second day of the trip, hut it seemed far longer the pocket, pulled out since I had hoarded the Anaconda at Airlie Beach, half way up the Queensland coast. The vacht, a sturdy 80ft maxi, had circumnavigated the world twice and was now a sailing dive-school, taking 20 divers a time out to the Great Barrier Reef on three-day trips.

It was marvellous sailing out to

But where, I foolishly wondered, were the clear skies of the tropics. Bruce, the skipper, reminded me it was January, the middle of Queensland's wet sea-

We anchored at Bates reef, a pocket of calm water in the Great Barrier Reef, which is more than half a mile wide. It was high water, and only a broad swathe of hreakers and the atrangely discoloured sea showed the presence of shoal water.

came to anchor, life became a blur of activity. We had, after all, come to dive, and so we did, four times a day for the next three days. A newly qualified openwater diver, I was teamed with Angela, who had more than a year's experience. We were kitted out, instructed on the conditions we might find and then were away in the Zodiac.

A relative novice, I still experienced that rush of joy at being weightless, drifting upside down along the wall of the reef at 12m, peering under overhangs where larger fish kept to the safety of the caves. The Great Barrier Reef is a national park and we had been warned not to touch or dam-"No worries mate." he said at age anything, but there was little

ou know I think we inflating your beacon. We could could produce a painful rash and really should blow up see that for miles." could produce a painful rash and there was, I had been told, a particularly virulent cone shell, with a sting that was nearly always

> But the sheer industry of the undersea world never ceases to surprise. Wherever one looked. some activity was taking place. Small parrot fish headhutted the corals, feeding on the tiny

fragments they dislodged, sea slugs went ponderously about It was marvellous sating out to the reef. 20 miles off the coast — tom, and a constant changing to the yacht at full sail forging ahead with a bright bone of froth gazed curiously at us as we drifted by. tom, and a constant changing

But the sheer industry of the undersea world never ceases to surprise

f shoal water. On the second dive, I followed From the moment the yacht Angela through a long winding canyon, flying, it seemed, through the clear water, looping under overhangs until we came suddenly upon a sandy clearing. Quite clearly I felt a presence, and looked more closely. Perfectly camouflaged, at peace with the world, a large white-tipped reef shark - a good 8ft long - lay moulded to the bottom. It gazed coolly at us for a few seconds, and then with a lazy flick of its tail moved idly away. We had heen told these sharks were harmless, but even so I was relieved when it disappeared.

That evening bad weather was forecast, and Bruce told us we would have to sall to the shelter of the nearby Whitsunday Islands. Anaconda sped back towards the coast, the yacht



ses, and within two hours we had anchored up off Blue Pearl beach in the lee of Hayman Island where we were to spend the next two days, diving in the clear sheltered waters, and occasionally swimming ashore to walk in the

virgin forest of the island. The weather cleared, and I slept on deck to be awoken at

cockatoos calling from the forest

100m away from the yacht. On our last evening, we dived at night, entering in the gloom a new and hizarre world. Crabs and crayfish moved slowly among the coral heads and buge, transparent prawns flitted nervously in the narrow path of light thrown by our torches. It had a strangely

divers rising and falling, and odd and left. I Nick Haslam flear to eyes hlinking from the darkness. It was a little sad next mornhad, I felt, been through a lot

together.

flashes of colour from unknown Australia with Air New Zealand. He went diving with Oceania Dive. Shop 4, Montipara Building. ing, as we said our goodbyes on Shute Harbour Road, Airlie the dockside at Airlie Beach. We Beach, QLD 4802. Telifax: 00-61-79 Beach, QLD 4802. Telifax: 00-61-79 466 032. The cost of a three-day trip starts nt A5365. But Angela had no time for For more information about

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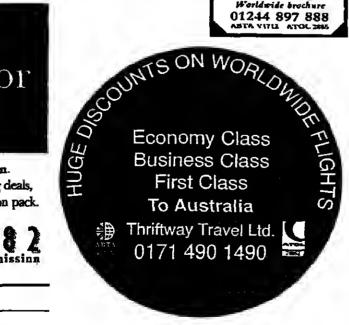
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Robinson Crusoe fantasy. On a remote corner of north-western Australia, just 18 degrees south of the equator, where William Dampier, an English buccaneer, moored 70 years before Cook landed, Karl Plunkett has devised an away-from-it-all bolt-hole where life revolves around the time of the tides - the second biggest in the world and the path of the sun. Here you drop out, explore creeks, watch the ospreys

and oyster catchers, fish for salmon and barramundi. live simply, eat well and aleep as long you as like. If you're more energetic you can hike into the outback to follow Aboriginal dream-trails with Neil

McKenzie, an aboriginal guide, go looking for wallabies, ride along the beach or indulge in picnics in isolated coves. In a remote bay close to Broome, Eco Beach is

accessible almost exclusively by belicopter (or - for supplies - by a very long 4-wheel drive track across a private station), so the maximum of 80 people in the 40 simple cabins have the 18 acres of the estate and the 15km of pristine beach to hemselves. Too far south for "salties"

(salt water man-eating crocodiles) and too far north for it ever to be cold, Eco Beach is perfect for those who have had their fill of cable TV, room service, mini-bars, private bathrooms and all the other luxuries most hotel chains go in Eco Beach (at Cape

ا حكنا بن الاعل

Villaret), PO Box 2965. Broome, Western Australia 6725. International bookings: 61-8-9193 5050. International fax: 61-8-9192 4845.

From the beach to the outback - up in the Kimberleys in Western Australia, Will Burrell has bought just under 1m acres of wilderness.

Part working station (about a third of the land is viable grazing country and there is a herd of around 5,000 cattle - Kimberley Shorthorn and Brahman) part uninhabited wilderness part simple camp site and part luxury resort, El Questro is the place that nobody wants to go to only

The meals make you realise why Australian food has become a hot topic round the world

An hour's journey by land or a short hop by helicopter from Kununurra, El Questro is the ultimate dream of what station life is

Those ambling round Australia in their own combivans can drop in for a few days' camping, pay as little as A\$5 a day for an isolated spot of their own choosing, climb the gorges, walk the land, trundle up the rivers to look at rock art, or loll about in Zebedee Springs and its thermal

For a little more (A\$40 for a bungalow, A\$70 for a family cabin), you can have a roof over your head and access to the same wild terrain and excursions, and take part in the social side of station life at the small restaurant, bar and store down hy the camp site.

Those with dollars to spare should spoil themselves and stay at The Homestead, Here. overlooking the

Chamberlain river, are six wonderfully furnished bedrooms with their own bathrooms, and a chance to dip into the lifestyle of the station owner. "The Homestead," say

Peter and Tania Regan, who do most of the pampering is not a hotel or motel but a private residence, so there are no mini-bars and coffee making facilities in your room. We do, however. have a wonderful kitchen into which you are always

unrestricted bar is at your disposal day and night in the Big Room. All the Homestead facilities are available for your enjoyment.

"A fully stocked and

And so it turns out. You simply help yourself to tea, coffee and booze but at breakfast, lunch and dinner Tania does her magic and you are served the sort of meals that make you realise why Australian food has become a hot topic round the

Part of The Homestead's appeal lies in its location (at night, the trees lining the river are floodlit and you eat in little private sites dotted around the garden, ogling the crocodiles) part in the high quality of the pampering and part in having private access to such vast expanses of almost

uninhabited land. Helicopters will fly you to favourite canyons or estuaries to fish for barramundi or gawp at the Bungle Bungles mountains. Horses are there to be ridden, guides (ask for the part Aboriginal Buddy Tyson who tells yarns so tall you can't see where they end) to show you the Wandjini rock paintings and take you into the gorges, and the whole great paradise just to be enjoyed. ■ El Questro Station and Wilderness Park, PO Box 909

Kumunurra, Western

Australia. Tel: 61-91-691 777. Fax: 61-91-6991 383. E320 per person per night, minimum stay two nights, all inclusive

☐ There are more ways to visit the world's largest living organism, the Great Barrier Reef, than most of us could manage in a lifetime, but staying at Lizard Island

seems one of the best. Lizard Island is a national park and its surrounding waters a marine park, hut the best thing about it is that those staying at the only hotel on the island. The Lodge, have the entire island, all its coves and inlets and hinterland, to themselves.

Reached by air from Cairns, The Lodge itself is a little run-down, waiting for a "refurbishment", but the views from the large rooms are stupendous and the access to the Great Barrier Reef superb.

Start hy exploring the reef round the island - either in a glass-bottomed boat or by snorkelling - and then take at least a day out on the big boat which takes you to the Great Barrier Reef

Here, the young crew provides diving equipment for those who can and snorkelling equipment for the rest.

It's impossible to describe the wonders of that aquatic world - the colours, immense variety, the great cod that lumber past, the tiny fish clad in oeon colours, the reef sharks nestling on the bottom - you have to go and see it for yourself.

When you need a rest from marvelling at the wonders of the reef. The Lodge will give you picnics to take to isolated coves, there's the Blue Lagoon to visit, walks to take, tennis to play and anything aquatic, from water-skiing to wind-surfing. to indulge in.

£240 per person per night, based on two people sharing: meals and facilities included. Excursions are extra. Reservations: Austravel

Select: 0171-838 1011.

FOOD AND DRINK

Soft red fruit

Washout leaves strawberries in a jam

Philippa Davenport saves the day in a year when the best of the berries got rather waterlogged

sented good value and enabled punters to pick exactly what they wanted - punnets of perfectly ripe berries for immediate eating. firmer and marginally less scarlet fruit to serve a day or two later or stash away in the freezer, and some slightly underripe berries for the sake of their pectin content for jam-making. Punter and grower were happy

with the arrangement, although some farmers winced at the sight of parties with large numbers of small children in tow. Small feet were probably too light to trample the plants unduly but damage was inflicted by emall hands carelessly pulling up plants as well as fruit, and the on-site sampling sometimes amounted to gorging. A few farmers threatened to pop children on to their scales on arrival and departure and to charge for the weight difference. Most built the potential loss factor into their price lists.

n the 1970s, when flirtation

with the freezer was at its peak, something like 70 per cent of Britain's raspherry

and strawberry sales took place

Harvesting your own repre-

at pick-your-own (PYO) farms.

In recent years, strawberry sales have shifted dramatically in: Britain (and in other countries favour of supermarkets, I remain from whom we import the fruit) loyal to PYO, which is more fun, better value and is a proper seasonal activity. I also relish the

ries all year round, I am bucking the trend in continuing to regard fresh raspberries and strawberries as summer fruits, but I firmly believe that British grown berries when at their best are the organic farms are the honourable best they are a seasonal treat

worth waiting for.

Supermarkets rarely sell strawberries by named variety, but I will wager that 90 per cent of their stock this summer is properties. It crops heavily, travbruising, and thus boasts a long shelf life. Its flavour is quite good but greenies point out that monoculture is extremely unwise, and Elsanta is especially prone to pests and disease widely kept in check in commercial circles in by the use of methyl bromide. Methyl bromide is a very dirty

word in conservation circles, cat-

egorised by the UN as a "class

fruit history as a washout. All

Now that supermarkets and one ozone depleter", banned in food halls offer globe-trotting ber- some countries and due to be phased out completely by 2010. It does not leave any residue in the fruit, but it contaminates water. Most British PYO farms use methyl bromide to some extent -

exceptions - but few are guilty of monoculture. Most farmers sensibly hedge their bets and grow an average of six different varieties - my local PYO offered 12 sorts last year. Such diversity makes Elsanta. This is a current favour-ite because of its money-making ings and means that in seasons when one variety may fail or els well without much sign of prove weak, others are likely to bruising, and thus boasts a long thrive. What is more, since PYO fruit is sold direct from field in consumer, the selection grown tends to be determined less by a need for long shelf life and more by a concern with good taste. This year will probably go down in the annals of soft red

strawberries, whether purchased straight from the field or in a enriched eugar instead of shop, ought to be eaten or preordinary sugar to aid setting. As for strawberry puds, this served on the day you get them

This is a year in which jammakers should consider using a higher percentage of underripe fruit than usual, to reducing the amount of liquid normally need in recipes, to replace some water with liquid pectin or use pectin-

lest they collapse inin watery red

swollen than sun-ripened, needs a generous helping hand to boost its flavour. The old trick of dressing the berries with a mixture of freshly equeezed orange and lemon juice works well; if you have a Seville orange in the freezer, thet is even better.

summer's fruit, more rain-

A grinding of pepper or a splash of balsamic vinegar can also work wonders, as the Italians have taught us, and on a cool day, rather than dowse my strawberries in cream, I suggest slicing them thickly into foaming glasses of warm zabaglione. Here is an easy but impressive party piece variation on the theme.

FEATHERLIGHT SPONGE WITH STRAWBERRIES AND ZABAGLIONE

(serves 8) For the cake: 4 large eggs; 100g castor sugar; 100g plain flour; 1/2 teaspoon baking powder; finely grated zest of an orange; 150ml freshly squeezed orange juice. For the filling: 750g strawberries; 2 tablespoons sugar; 2 tables-

poons balsamic vinegar. For the sauce: 4 egg yolks; 4 tablespoons castor sugar; 90ml Marsala mixed with 2 tablespoons balsamic vinegar; a queeze of lemon juice.

Oil a 23cm to 24cm ring mould of 1.75 litre capacity. Dust with flour, invert and tap out excess. Whizz the zest with some of the sugar in an electric spice or coffee mill. Transfer the aromatic powder to a large bowl, add the rest of the sugar and the egg yolks and beat with an electric

whisk for 5 minutes until pale. light and beautifully bulked up. Whisk the egg whites to shiny peaks in a separate bowl. Sift the flour and baking powder into a

Fold spoonfuls of the egg whites gently but firmly into the yolk-and-sugar mixture, alternating with spoonfuls of flour, starting and finishing with the egg whites.

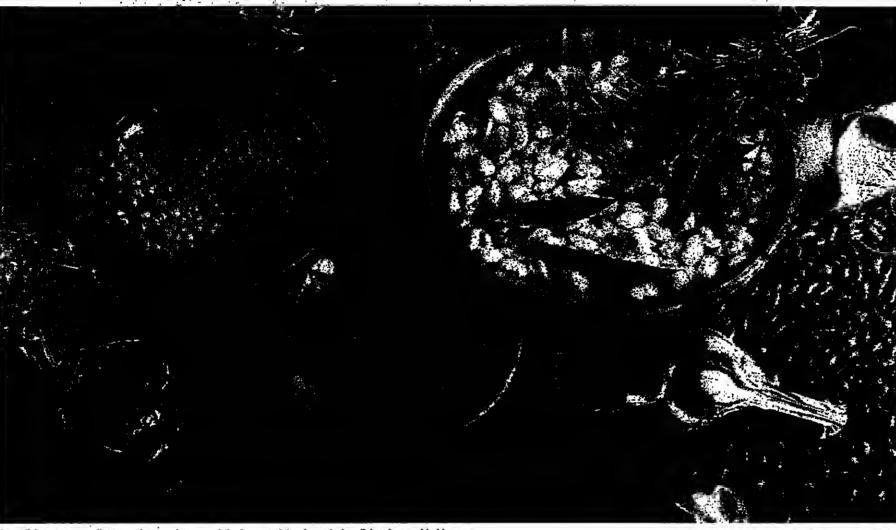
Spoon the sponge mixture into the prepared tin and bake at 180°C (350°F) gas mark 4 until firm and springy to the touch and beginning to shrink away from the sides of the tin, 3540

Cool for 5 minutes then pull the cake gently away from the edges of the tin with your fingertips to loosen it. Turn it out on to a flan plate or other perfectly flat dish with a lipped edge. Spoon the orange juice slowly over the cake: it will drink it up greedily. Leave until cold then cover with an upturned bowl to prevent dry-

About an bour before serving, slice the strawberries thickly, or halve them if small. Put them into a bowl, sprinkling sugar between layers. Drizzle with vinegar, toss very gently, cover and leave at room temperature.

Just before serving, make the zabaglione. Using an electric whisk, beat the egg yolks and sugar in a double boiler over barely simmering water until the mixture begins to thicken. Add half the liquid and whisk for a further 30-60 seconds. Pour on the remaining liquid and contique whisking for about 3 minutes until the sauce is a rich foam, as thick and light as softly whipped cream.

Pile the fruit into the centre of the cake, and serve the zahaglione foaming and warm in a sauce boat so that those gathered round the table can spoon it over



Many dishes are served at room temperature - and the large variety of vegetarian dishes is an added bonus

Cold collation for hot summer

Anisa Helou explains why her Midsummer Night's Dream of entertaining has a Lebanese flavour

is here, I can go juicy textures. back to my antertaining: cold buffets, clous fresh fruit ice-creams Such dinners or lunches are easier in plan than sit-down raspberry. meals. They are also more fun and less enervating.

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With a cold buffet you can cook in advance and put it on the table well before the guests arrive. Guests can then help themselves, are free to speak in whomever they fancy - and I am free to circulate without having to fuss about the food.

Lebanese food is particularly well suited in this many dishes are served at thinly sliced; 200ml tahini; 1 room temperature and the large variety of vegetarian dishes is an added bonus for Rinse the fish pieces, dry, summer eating.

dishes blend in terms of taste, appearance and texture and prefer food that can be eaten with a fork. In the following menu, which will feed eight to 10, the tastes meld particularly well.

The slightly tart and velvety fish in tahini sauce contaste of the broad beans and Swiss chard add a fresh note

To finish the meal I usufavourite form of ally serve a choice of deli-

such as banana, mango and

In Lebenon, this dish is prepared with a whole fish, but

we do not have a tradition of filleting here, so I use fish fillets or steaks: 1kg white fish fillets or steaks cut into 10 pieces; juice of 2% lemons or to taste; vegetable oil for fry-

ing; salt; 3 large onions thep pomegranate seeds for garnish (optional). nummer eating. rub lightly with salt and set Planning is not all plain aside. Pour the tahini into a sailing. I still make sure my mixing bowl and gradually. stir in the water and lemon

juice alternately. The tahini will thicken to a puree-like consistency before it starts to dilute again. The sauce should be runny. Preheat the oven to 220°C

(425°F) gas mark 7. Pour vegetable oil in trasts with the earthy lentils large non-stick frying pan to and rice, while the lemony a depth of 1cm, and place over a medium heat. When the oil is not (to test, dip in which in turn is lifted by the one end of a fish piece and if minty tomato sauce of the the oil bubbles, it is ready). courgettes. Finally, the Fry the fish pieces for 1 mincrunchy mixed salad gives a ute on each side. Remove

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ow that summer nice bite to the soft and them with a slotted spoon and set aside.

Fry the sliced onion in the same oil until goldan. Remove with a slotted spoon and drop into the tahini sauce. Add salt in taste, mix BAKED FISH WITH TAHINI baking dish. Arrange the Samak bil-Tuhineh fish pleces in the tahini and onion sauce, turning them in coat evenly, and bake in the pre-heated oven for 30 minutes or until the sauce has thickened and is bubbling all over. Garnish with a few pomegranata seeds if you are using them.

COURGETTES IN TOMATO SAUCE

Motabbaat Koossa You can use either white or green courgettes or mini courgettee, which you should leave whole: 600g small or mini courgettes; 8 theps extra virgin oliva oil; salt to taste; 2 medium onion thinly sliced; 1 thep dried mint powder or fresh mint finely chopped; 3

garlic cloves; 600g Italian

canned chopped tematoes. Cut off and discard the ends of the courgettes. Rinse into a saucepan, place over a cooked. medium-high heat and fry sionally.

to taste, increase the heat to burn and blacken. medium-high, cover and boil mushed. Stir in the dried the sauce has thickened.

mint and cook uncovered for kitchan paper. You want beans (thawed out if frozen). another 5 minutes or until them to drain well end Add salt to taste, cover the If you are using fresh

RICE AND LENTILS M'dardara

This is a very tasty Lenten dish that can be varied by replacing the rice with coarse burghul. You may need to add more water (up well and pour into a deep to 150ml), depending on how coarse the burghul is: the coarser it is the more water

150g brown lentils; 1 litre of water; 150ml extra virgin olive; 8 medium onions, thinly eliced; 150g white short grain rice; %tsp ground cinnamon; %isp ground allspice; 1/4 tsp finely ground black pepper; salt to

I ensure my dishes blend and prefer food that can be eaten with a fork

pan, add the water and place 300g broad beans, fresh or over a high heat. Bring in and slica in circles about the boil then reduce the heat 15cm thick (keep the mini to medium. Cover the pan bunch coriander (200g on ones whole). Put the clive and boil for 45 minutes or the stalk) stalks removed oil, sliced onion and garlic until the lentils are nearly and discardad. leaves

until golden. Stir in the cour- ing, heat the olive oil in a 1 lemon, or to taste. gettes, reduce the heat, large frying pan over a Put the clive oil and chop-cover the pan and simmer medium heat. When it is hot, ped onion into a saucepan for 5 minutes, stirring occa- add the onion slices and fry until they turn a rich dark broad beans and Swiss Add the tomatoes and salt brown without letting them chard, place over a medium

Remove three quarters of transparent. Add the for 15 minutes or until the the onion slices with a slot- crushed garlic and sauté for courgettes are soft but not ted spoon and spread them I minute before adding the thinly on a double layer of cubed stalks and the broad become crispy.

Wash the rice in several mer for 20-25 minutes. chopped mint after you have son with the cinnamon, all-der, put the lid back on and sealing so it does not go

taste and bring back to the Stir well together and add

Reduce the heat to low, stir in the onions left in the pan, and their oil, put the lid back on and simmer for 15 minutes.

Turn off the heat, wrap the lid with a clean kitchen towel, put it back on and leave to sit for 5 minutes Carefully stir the lentils and rice and transfer to a serving dish. Leava to cool before scattering the onion slices

BROAD BRANS AND SWISS CHARD WITH CORLANDER

Fool bil-Selq
If you cannot find Swiss chard, use spinach. The taste will be quite different but still delicious. 4 thsps extra virgin olive oil; two medium onions,

finely chopped; 4 garlic cloves, peeled; 2 bunches of Swiss chard (about 800g), the stalks peeled and diced into 1cm cubes and the leaves ehredded into 1cm Put the lentils in a sauce- strips, keep both separate; frozen; 2 medium onions, finely chopped or frozen; 1 washed, dried and chopped While the lentils are cook- finely, salt to taste, juice of

toacted and broken into bite-sized pieces. large enough to take tha heat and cook until soft and ingredients.

pan, lower the heat and simmint, cook the courgettes for changes of cold water, drain. Add the shredded Swiss necessary. Work in the 20 minutes and stir in the and add to the lentils. Sea-chard and chopped corian-toasted bread just before

the lemon juice. Simmer covered for another 15-20 minutes or until the broad beans

are tender and the juices

reduced. Taste and adjust

seasoning if necessary. Take

off the heat and leave to FATTOOSH This is a wonderfully adaptable salad. You can make it with whatever salad ingredients you have available but make cure tha herbs are

amount of parsley.

young and fresh. If you do not have sumai use lemon juice. Both purslane and sumac are availabla in Greek, Turkish or Lebanese shops. If purs-lane is not in season, you can use an equivalent

Four gem lettuces; 1 bunch spring onions, trimmed and thinly sliced; 8 mini cucumbers, sliced into thin half circles; 3 firm red tomatoes, chopped into bite-sized pieces; I bunch flat parsley, washed, dried, most of the stalks cut off and discarded, coarsely chopped; 1/2 bunch purslane, leaves only.

Dressing: 3 tablespoons sumac or juice of 1/2 lemon; salt to taste; 6 theps extra virgin olive oil. Bread garnish: 1 medium pitta bread, opened np,

Strip and discard any outer, damaged leaves of the lettuce. Wash and dry the rest, then cut across in 1cm strips. Put the shredded lettuce in a salsd bowl and add the rest of the salad

Season with sumac (or lemon juice) and salt to tasts, pour in the olive ofl and toss lightly together. Taste and adjust seasoning if necessary. Work in the

California in deep Suffolk

Eating out

Nicholas Lander finds a humane eatery at the Leaping Hare

a restaurateur and a chef over opening hours invariably involves the restaurateur seeking to extend them and the chef arguing that they must at least stay unchanged to ensure some time for a social life.

After hinch at The Leaping Hare Café, at Wyken Vineyards near Stanton, Suffolk, these roles were sur-prisingly reversed. Chef Lucy Crabb was delighted that her proposal to extend opening hours to include Thursday and Saturday evenings had been so well received by their customers. Her boss, Carla Carlisle, who had opposed this extension

still remained sceptical. Crabb's proficiency or stamina - she came via the Blue Print Café, near Tower Bridge, London and trained under Simon Hopkinson at Bibendum in the Fulham Road – and everything to do

with Carlisle's background. Raised in Tupelo, Mississippi, Carlisle lived in California before moving to Burgundy and then Paris where be managed the Legrand wine shop and lectured on English Literature before settling in England.

While in California, she worked as a waitress and assistant pastry chef at Chez Panisse, Berkeley and learnt first-hand just how arduous and anti-social restaurant rants and returning via New life can be. "I had come to Covent Garden Market. realise how inhumane the makes up for the restanrestaurant business is. When rant's isolation up a winding opened here I wanted to creata the first humane res- of Bury St Edmunds. taurant, so I limited our

one evening a week." That the restaurant is now open longer is a tribute to Parmesan; grilled sould with Carlisle's taste, attention to chilli and garlic dressing. detail and vision. Eating at One main course, roast cod the Leaping Hare ancapsulates the best of eating in a was sensational. The eight small California winery restaurant - but one set in the rich caramel pots served heart of the English countryside and serving English ingredients and Carlisle's

very English wines. She says: "I planted the vineyards in 1988 and real- is never far from Carlisle's ised that the best way of get- mind. A late frost on May 3 ting people to enjoy my last year means that instead wines and to make a decent of having an average of return was in establish a res- 20,000 bottles of Wyken wine, taurant alongside where we could sell the wines by the the 1996 vintage. glass, bottle and, if they like The Leaping Have Cafe. it, by the case."

Leaping Hare is that 01359-250287. although it makes no bones about its commercial intent, with a range of goods for sale, it does so with style

ny debate between and British understatement. This is exemplified by the artwork used on the Wyken wine bottle labels, "We are making English wine here so I did not want a label that looked Californian or French," Carlisle explained.

"I found some wonderful wood engravings from the 1930s by an English artist called Clare Leighton and I used her image of the Leaping Hare throughout. But I do want to show a definitely Californian attituda to those who visit with children.

"As a mother myself, I bava come to realise that if the children are happy, the parents are relaxed."

These are attractive sentibined with Crabb's cooking The scepticism has noth- the Leaping Hare should ing to do with doubts about now be on every visitor to

East Anglia's itinerary. Crabb's previous culinary experience, coupled with the fact thet her partner runs a wholesala business taking the best of Suffolk's produce, such as semphire and aspar

'I had come to realise iust how inhumane the restaurant

agus, to London's restan-

business is

A Caesar salad held all the opening to three lunches and right crispy ingredients: Suffolk asparagus arrived with balsamic vinegar and shaved with egg and anchovy sauce, "sweets things" included with tiny warm Russian tea-

The weather may be England'e national talking point but as a vigneronne it there will only be 3,000 of

Wyken Vineyards, Stanton. What distinguishes the Suffolk IP31 2DW. Tel: 01359-252256. Open 10am-6pm Thurs, Fri and Sun; and for dinner from Ipm Thurs, Fri

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Sporting Profile

Blue collar man marks Royal and Ancient game's card

Tom Lehman is the most personable of sportsmen who, in adversity, highlighted golf's infuriatingly infinite dimensions, says Derek Lawrenson

he defending champion at next week's Open at Royal Troon could hardly he further removed from the man who will be the primary focus of attention. Tiger Woods has the world in thrall at 21: Tom Lehman never even made it on to the United States tour until he was in his early 30s. The sharp contrast illustrates the sport's infinite dimensions. There may be four or five signposts that players seeking to reach the game's peak should follow but Lehman never spotted them and yet still made it.

When at home in Scottsdale. Arizona, this most personable of sportsmen likes nothing more than to tend his wide variety of rose hushes. He says he likes to take something ugly and make it beautiful and one cannot help but feel that he has spotted an

A wonderful triumph for perseverance and courage that runs the gamut of emotions

allegory for his own career - a wonderful, heartwarming story, a triumph for perseverance and courage that runs the gamut of

Lehman has survived a decade of penury, a cancer scare in the year following his hreakthrough, hut he has also lifted high the most prized trophy in the game. Not surprisingly, all these extremes have fleshed out his character and made him one of the game's most interesting personalities.

We need not delve too far into the long struggle for success. Suffice to say that like many men, Lehman took a deep, hard look at himself on his 30th birthday and saw a man struggling to stay above water.

He had played every mini-tour from Sacramen to to Soweto and made nothing more than his expenses. One time, during the course of an 18 hour drive to his

hrother's wedding, he was so short of funds that to save on the cost of a hotel shower, he simply pulled into the back of a motel, removed his clothes, and bathed in the torrential rain.

Clearly, this was a life of which any man would tire once he had shed the last vestiges of youth, and in 1989 Lehman finally decided to look for something else to do.

He applied for the golf coach job with the University of Minnesota, his native state, and was delighted to get an offer, but one thing troubled him: a reference to winter non-golfing activities. When he was told about the skiing instruction, the joh lost its appeal.

What followed was pure Hollywood. He talked it over with his wife Melissa, who agreed that he should give golf one more try. So Lehman took the last \$4,000 from their account and flew to South Africa. He won \$2,000 there and joined the Nike next two years he won four tournaments and a spot on the main US tour. Two years later he finished second in the Masters at

Did this all go to his head? Well, armed with his six figure runner's up cheque from the Masters, Lehman went out to buy new trousers but could not bring himself to pay the \$150 asking price. Some golfers would not he seen in anything but the latest designer trousers but Lehman wanted a pair more tailored to his personality. "I don't wear \$150 pants," he said.

He has remained Blue Collar Man. As his golf has gone from strength to strength, as the millions have stacked up, he has been offered a number of clothing deals hat the contract he has opted for is one with the working man's designer.

His following is considerable. At last month's US Open at the Congressional Country Club outside Washington, his supporters included the president. As Chelsea Clinton wandered off in search of Tiger Woods, her father gently told her that he wanted to stay behind to watch Lehman. "He's my kind of golfer." he said.

Certainly it is very difficult to root against a man who

seemingly has time for everyone. After the 1994 US Open, Lehman did not go home after the final round to prepare for the following week's tournament. One of his friends, Loren Roberts, had made it into a play-off scheduled for the

following day so Lehman hung around and walked the 18 holes. At last year's US Open, he was paired in the final round with Steve Jones, another friend he had met through his church

On the first tee he was thinking of his opponent. He reminded Jones of a hible quotation, telling him to "be strong, have courage," down the nerve-wracking final holes. Jones displayed those qualities and defeated Lehman by a shot. After three near misses in major championships, and at the age of 37, it was natural that people would wonder whether

Lehman would complete this

fairytale. A month after losing out to Jones he was again in contention at the Open at Royal Lytham, and after three rounds, after a marvellous 64, he had opened up a six shot lead. On the final day, however, he was paired with Nick Faldo, who three months earlier had made up a similar deficit against Greg

Norman at the Masters. The sun shone, and an enormous crowd gathered in expectation of Faldo once more. subduing an opponent. Over the early holes it appeared a possibility. Six shots became five, and then four - the roars for Faldo shook the soul and there was, sad to say, even the odd cheer when Lehman

faltered. Through It all the American remained placid. After a lone voice had shouted,"Come on Tom," he turned and smiled to the gallery. "Well, at least that's one of you on my side," he said.

nor even to mediocre suc- the best-liked man in the

It showed that he was not letting the events of the day get on top of him, as Norman had clearly done at Augusta. Lehman thought about the Ryder Cup the previous October, when he had played Severiano Ballesteros in the singles.

Ballesteros had given a terribly distracting display. missing every fairway on the front nine yet still saving pars from seemingly impossible positions.

Lehman kept his concentration to win tha match and would acknowledge, some tima later. "I learned a lot about myself that day, that winning is about a lot more than just hitting good

Now, as Faldo failed to capitalise on a series of fine strokes, Lehman calmly stretched his lead once more to be a comfortable winner at the close The gallery that had been hostile at one point warmed to

him during the prize ceremony as he gave a speech that was at once both humble and funny. By the side of the green his father. who had never stinted in his support of his career, could not

stop staring at the leaderboard. Three months later, at the US Tour Championship, the season-ending finale, Lehman won once more hy a street. He was named the player of the year, and the career that had appeared to grind to a full stop in 1989 had come to the end of

another phase. Having taken so long to reach the top, it is hardly surprising that Lehman is prepared to put in the necessary hours to stay

In the years that remain before age takes its toll he has set himself the target of winning all four majors once. "I honestly think it is a feasible target because I have got what I consider the hardest one for me

to win out of the way." he explained.

But he is realistic as well. He knows that the era of Woods and Ernie Els has begun, the era of huge contracts and golfers with profiles as big as pop stars. Yet there remains room for golf's Tom Joad, and his refreshingly

simple approach to the game. After he had come up short at last month's US Open, the third year in a row he had had a chance to win and not succeeded. Lehman was asked whether he felt like shedding a tear, as Colin Montgomerie another sufferer at the death,

was doing at the time. Lehman thought about the question for a while and given his deep Christianity, one might have expected the eventual answer to focus on how he would fall back on his religion. "Actually, what I really feel like doing right now is punching

someone," he said, smiling,

Motor racing

Damon Hill's season turns to ashes

Arrows are waiting for better days as Schumacher performs the impossible, writes John Griffiths



or a religible world lancy, is not used to fellow champion this is about as bad as it Damon Hill will start his home grand prix at Silverstone tomorrow without a single championship point to his name in a 1997 Formula One world championship already eight races old and

halfway to completion. The Yamaha-engined Arrows he drives for Tom Walkinshaw, the Scottish former racing driver-turnedengineering entrepreneur, has hardly finished a race this season. Engines have failed with alarming frequency. Hill, under a growing intensity of psychological pressures, has compounded mechanical misfortune with human error, on occasion to plunge himself prematurely off the track.

Not surprisingly, tempers

grown in two decades from

go-faster bits for Mazdas into

a globally respected automo-

once again turned to ashes for the Arrows. As for Hill, facing the prospect of becoming the first driver for more than 40 years not to score a single point in the year after he won the world championship, no one would hlame him If he wished to cast around for a potentially better seat elsewhere next year.

cess. "I want to get the team

Yet despite the occasional frustrated post-race outburst, Hill off the track has been distinctly calm - if not quite laid back. For this is a relationship

far from written off. Arrows,

Hill can be virtually certain,

will come good - and the good-natured Englishman

into the top six by the end of record is not one to accept the year," he told me a cou- failure. Having stepped on to years. ple of months ago. As things the world stage as an influstand, the statement appears ential motor industry figure to be one of extreme opti-- his TWR organisation is mism - reflected in his clear about to start making cars anguish as the most recent jointly with Volvo - his repgrand prix, at Magny-Cours. utation is as much at stake

business, but his business

To expect immediate success is to expect a miracle

Stewart's strategy sets the

as that of his no less high profile rival, Jackie Stewart. Stewart's own attack on grand prix with his Fordbacked team has so far been more successful - but it has heen munch longer in the strategic planning stage.

championship but, starting from scratch, has acknowledged that it might take five Walkinshaw may have

gained much Formula One experience in his former part-time role managing Benetton. But he bought through last year and to expect immediate success is to expect a miracle.

Already, Walkinshaw has set significant action in train. John Barnard, Ferrari's former design boss, has joined the team and few doubt that hy the 1993 season the presence of one of the best designers in F1 will have proved beneficial. And TWR's high-tech facilities at Leafield in Oxfordshire are already one of the envies of

the automotive engineering Arrows' Achilles' heal is its engines - an embarrassment not just to itself but to Yamaha, one of Japan's tagonists for this year's title more prestigious automotive

Walkinghow may not be wowed to win the world Tanahar. We has been trueile from the start; the hopes that a later version, installed after this year's opening rounds, would improve matters, woefully unfulfilled.

Walkinshaw does not suffer such shortcomings lightly. From the Machiavellian manoeuvrings which Arrows only halfway perpetually go on behind the scenes of Formula One. Arrows is expected to emerge into the 1998 season with a radical solution; a totally revised engine - or

engine supplier. None of which belps Hill or Arrows in the short term. Hill himself acknowledges the season to be virtually a lost cause. Under current circumstances, a point or two here or there in the eight remaining rounds would be. regarded as pure honus. Next year; however, should

he another story. Neither Hill nor Arrows problems will he on the minds of the two chief prowhen they line up on the

sidre circuit tomorrow. For Jacques Villeneuve, the outspoken Canadian leading the Williams-Renault team, Silverstone is almost a

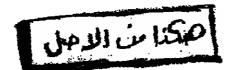
moment of truth. By now, Villeneuve, driving what is indisputably technically the hest and most capable car in Formula One, should be a country mile ahead in the world

championship. Instead, his own vulnerability to pressure from the relentlessly efficient and overwhelmingly talented Michael Schumacher has already left him trailing an uncomfortably distant sec-

Schumacher, meanwhile. continues to perform the seemingly impossible with a Ferrari closing on, but net yet up to, the Williams' performance Should Schumachar win again this weekend the German's championship lend might start to look unassailable.

To Ferrari, his \$25m salary is already looking to be the

صكناس الاعل



What's on around the world

Markey

AMSTERDAM

EXHIBITION Van Gogh Museum Tel: 31-20-570 5200 Second of four summer exhibitions of drawings by Van Gooh, the first of which took place last year. This time it is the turn of the works produced when the artist lived in Nuenen, ... 1883-1885. Here are the "Brabant handworkers", landscape drawings, and numerous studies of heads. The exhibition is shown in two parts, with a changeover on Aug 18; to Oct 12

BAD KISSINGEN

CONCERTS Kissinger Summer Feetival Tel: 49-971807110 Barcelona Symphony Orchestra: conducted by Lawrence Foster in works by Gerhard, Shostakovich, Elgar and Mendellssohn; at the Regentenbau; Jul 12

 Barcelona Symphony Orohestrac conducted by Lawrence Foster in a programme of works by Britteri, de. Falla and Ravel; with plane soloist Daniel Barenboim; at the Regentenbau; Jul 13

BARCELONA

EXHIBITION Fundació "la Caixa" Tel: 34-3-404 6073 Tarsila do Ameral, Frida Kahio, Amelia Pelaez: display of works by the three women artists which aims to explore the relationship between the European avant garde and the indigenous traditions which influenced them; to Jul 27

BASLE EXHIBITIONS

Offentliche Kunstammking Basel Tel; 41-61-271 0828 Dürer/Holbein/Grünewald; major ... celebration of the quincentenary of Hans Holbein the Younger (ca. 1497/ 98-1543). Organised with the Staatliche Museen, Berlin, the exhibition consists of 170 old master drawings; to Aug 24 The Prints of Hans Holbein the Younger: consisting of the entire collection of the Basel Kupferstichkablnett; to Sep 7

BERLIN

EXHIBITION Museum fur Moderne Kunst, Martin-Gropius-Bau Tel: 49-30-2548.6714 The Age of Modernism - Art in the Twentieth Century: comprehensive survey which presents the art of this century in four self-contained sections. Beginning with the explosion of avant-garde, the exhibition includes works by Picasso, Duchamo and Kandinsky as well as younger and contemporary artists; to Jul 27.

BONN EXHIBITION

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Kunst- und Ausstellungshalle der Bundesrepublik Deutschland · Tel: 49-228-917 1236 Sigmar Polke: subtitled "The Three Lies of Painting" this show includes some 180 loans and will document Polke's work from 1962 to the present. Will transfer to Berlin's Hamburg station; to

CHELTENHAM Cheltenham Festival

Tel: 44-1242-227979 CONCERTS Orchestra and Choir of the Age of Enlightenment in works by Bach and a specially-commissioned work by Betty Roe; directed by Paul Nicholson, with soorano Ruth Holton and bass Peter. Harvey; at the Town Hall; Jul 12 Hanover Band: and Corydon Singers conducted by Matthew Best in works by Wagner, Part and Brahms; at Tewkesbury Abbey; Jul 14

Bournemouth Symphony Orchestra: conducted by Paul Daniel in works by Brahms, Schwertsik and Mozart; at the Town Hall; Jul 16 2.1.

La Bohéme: by Puccini, performed by the European Chamber Opera; at the Everyman Theatre; Jul 12

■ DROTTNINGHOLM

OPERA Drottningholms Slottsteater Tel: 46-8-4570600 Euridica: Swedish premiere of Jacopo-Perl's opera, which dates from 1600. Produced by Karl Duner, and designed by Peder Freili, with the Drottningholm Theatre Orchestra conducted by Jakob Lindberg; Jul 12, 15, 16, 18

EDINBURGH

EXHIBITIONS Scottish National Gallery of Modern Art Tel: 44-131-624 6200 Matthew Dalziel and Louise Scullion Endlessly: first showing for video installation created by the young Scottish artists on Scotland's north-east coast; to Sep 14

Scottish National Portrait Gallery Tel: 44-131-624 6200 The Face of Denmark the product of an exchange organised with the museum'e Danish counterpart, this exhibition will include works from the period 1750-1840 and portraits of famous Danes Including Hans Christian Andersen and Klerkegaard. In return, Scottish portraits will travel to Denmark! in the autumn; to Aug 31

FORT WORTH EXHIBITION :





Solemnis: Jul 18

London Coliseum

Tel: 44-171-632 8300

Symphony In C/Giselle --

DANCE

vary: Jul 12

Jul 18, 19

EXHIBITIONS

Korean Gallery

Hayward Gallery

(LEDs); to Aug 17

Sep 28

Tel: 44-171-261 0127

Nicholas McGegan conducts

one-act opera Die Vershworenen,

of Enlightenment. Soloists include

soprano Hillevi Martinpelto; Jul 19

● The Kirov Ballet: Swan Lake - casts

Balanchine'e masterpiece is staged by

with casts to include all of the Kirov's

leading ballerinas; Jul 14, 15, 16, 17 ● The Sleeping Beauty - casts vary;

British Museum Tel: 44-171-6361555

Arts of Korea: overview of Korean art

from the Silla kingdom, early Buddhist

manuscripts, Koryo ceramics and 18th

century landscapes. The exhibition is

will be replaced by a new, permanent

scheduled to run until 2000, when it

Rhapsodies in Black: Art of the Harlem Renaissance – for African

American artists working in New York,

the 1920s were something of a golder

multi-media presentation celebrates this decade of extraordinary creativity,

bringing together paintings, sculptures,

young Japanese artist renowned for his

National Gallery Tel: 44-171-839 3321

Serrat's great "Bathers at Asnières" in

a context provided by his own earlier

work, and studies and drawings for the

predecessors who influenced him, and

by his impressionist contemporaries; to

Hiroshige: Images of Mist, Rain, Moon

bicentenary of Hiroshige (1797-1858),

woodcut, whose landscapes provide

an atmospheric picture of 19th century

photography and film; to Aug 17

comprising six installations by the

use of electronic digital counters

Seurat and The Bathers: places

painting, as well as works by

Royal Academy of Arts

and Snow - celebration of the

Japanese master of the coloured

Die Meistersinger von Nürnberg:

poet-cobbler Sachs. The final

Bernard Haitink conducts Graham

performance will be the last opera

Vick's production of Wagner's opera.

John Tomlinson sings the role of the

staged at Covent Garden before the

Tel: 44-171-439 7438

Japan; to Sep 28

Royal Opera House

Tet: 44-171-304 4000

Tatsuo Miyajima: Big Time

age, Harlem its dynamic centre. This

and archaeology ranging from the

Neolithic period to the 19th century.

Exhibits include e royal gold crown

John Taras of New York City Ballet,

Kimbell Art Museum Tel: 1-817-3328451 Monet and the Mediterranean: "It is so

beautiful here, so bright, so luminous! wrote Monet from Cap d'Antibes in 1888. Bringing together more than 70 works, this exhibition presents the fruits of several journeys made by the painter: to the Italian and French Rivieras in the 1880s, to Venice in 1908; to Sep 7

GLASGOW

EXHIBITION McLellan Galleries Tel: 44-141-331 1854 The Birth of Impressionism: more than. 150 works including paintings by Monet, Sisley and Pisarro are presented here in relation to the work that went before them. The six galleries tell the story of impressionism'e reception by the French artistic establishment as well as suggesting the influence of photography, railways and Parisian cate society on the new painting; to Sep 7

■ GRAZ

CONCERT Styriarte Festival Tel: 43-316-825000 Der Graf von Gleichen: its libretto banned by the censor, Schubert's last opera remained unfinished. By piecing together the fragments and filling in the gaps, contemporary Austrian composer Richard Dünser has created a finished piece, performed here by the Graz Philharmonic Orchestra conducted by Andreas Stoehr, at the Stefaniensaal:

KASSEL -EXHIBITIONS

Various venues Documenta: glant five-yearly survey of contemporary art which takes place all over Kassel, starting at the old railway tion. This tenth edition has been selected by French curator Catherine David, formerly of the Centre Georges Pompidou, who means to make a defining statement about culture at the end of the century; to Sep 28

LAUSANNE

EXHIBITIONS Fondation de l'Hermitage Tel: 41-21-320 5001 Charles Camoin (1879-1965): retrospective which aims to demonstrate Camoin's contribution to Fauvism at the turn of the century and to show the development of his later work, including the influence of : Cezanne; to Oct 5

Viusée Cantonal des Beaux-Arts Tel: 41-21-312 8332 COBRA 1948-1951: organised to mark the 50th anniversary of this post-war group of experimental artists, who derived their movement's name from their three cities of origin: Copenhagen, Brussels and Amsterdam. The exhibition will travel to Munich and Vienna; to Sep 14

1. 1. 1.

LONDON CONCERTS HC Proms, Royal Albert Hall theatre closes for renovation; Jul 12 Tel: 44-171-589 6212 Bernard Haitink conducts the BBC THEATRE

Symphony Orchestra, Chorus and the National Theatre, Cottesioe stage Closer, new play written and directed by Patrick Marber, with a cast selections from Mozart and Schubert's including Ciaran Hinds; in repertory King Lear: by Shakespeare. Highly praised production directed by Richard performed by the Orchestra of the Age Eyre, with Ian Holm in the title role; in repertory

> National Theatre, Lyttelton stage Tel: 44-171-9282252 Arny's View: Judi Dench and Samantha Bond star es mother and deughter in a new play by David Hare directed by Richard Eyre; in repertory The Cripple of Inishmaan: new play Martin McDonagh directed by Nicholas Hytner; In repertory

National Theatre, Olivier stage Tel: 44-171-9282252 Guys and Dolls: revival of Richard Eyre'e production, with a cast including Imelda Staunton as Miss Adelaide; to Aug 30

Shakespeare'e Globe Tel: 44-171-401 9919 Henry V: by Shakespeare - Mark Rylance stars as the young king in e production directed by Richard Oilvier

and designed by Jenny Tiramani; In repertory The Winter'e Tale: by Shakespeare - directed by David Freeman; In

The Old Vic Tel: 44-171-928 6655 The Provok'd Wife: Lindsay Posner directs Alison Steadman and Michael Pennington in Vanbrugh's comic take on sexual politics in Restoration England: in repertory

The Seaguil: by Anton Chekhov, in a version by Tom Stoppard directed by Peter Hall. Felicity Kendall is Madame Arkadina, Timothy West her unhappy son, Michael Pennington her lover; in repertory Waiting for Godot: by Samuel

Beckett. Ben Kingsley and Alan Howard are Estragon and Vladimir. The director is Peter Hall; In repertory

LOS ANGELES **EXHIBITIONS**

useum of Contemporary Art Tel: 1-213-626 6222 Jeff Wall: first retrospective exhibition of the Canadian artist whose photographic work draws on the narrative traditions of tableau painting; the exhibition has been seen in Washington and will travel to Japan; from Jul 13 to Oct 5 My Life. Mark Morrisroe: Polaroids 1977-1989 - 188 self-portraits and portraits of the artist's friends and lovers, mostly taken in bleak domestic settings; to Sep 14

MONTREAL

EXHIBITIONS Museum of Fine Arts Tel: 1-514-285 1600 Exiles and Emigrés: The Flight of European Artists from Hitler - focusing on the twelve years of Nazi rule 1933-45, this show, previously seen in California, explores the work of 23

artists during their years in exite. Those featured include Salvador Deli. Max Ernst, George Grosz and Piet Mondrian; to Sep 7

NEW YORK

CONCERTS Lincoln Center Festival 97 Tel: 1-212-875 5030 New York Philharmonic at the Avery Fisher Hall. Kurt Masur conducts a programme of works by Henze and Wagner. With soprano Deborah Voigt: Jul 12, 14

 New York Philharmonic at the Avery Fisher Half. Music director Kurt Masur's 70th birthday is to be celebrated in a programme of popular favourites. With Anne-Sophie Mutter end other guest artists to be announced; Jul 18

 New York Philharmonic at the Avery Fisher Hall. Kurt Masur directs a programme exploring countercurrents to Wagner, featuring the rarely performed Mendelssohn oratorio Die erste Walpurgisnacht and the Brahms Violin Concerto; Jul 19

Lincoln Center Festival 97 Tel: 1-212-875 5030 The Royal Ballet at the Metropolitan Opera House: The Prince of the Pagodas. Music by Benjamin Brittan. NY premiere of this three-act ballet. choreographed by Sir Kenneth Macmillan. Darcey Bussell is Princess Rose; Jul 18, 19

EXHIBITIONS Museum of Modern Art Tel: 1-212-708 9480 Objects of Desire: The Modern Still Life - beginning with Cezanne, including masterpieces by Matisse and Picasso, and culminating with Pop art and contemporary works, this exhibition traces the art of this century through the various and evolving representations of objects; to Aug 26 This retrospective of the Stenberg brothers promises to be MOMA's largest graphic design retrospective to date. Bright young things of the Russian avant-garde, Vladimir later became Chief of Design for Red Square, while Georgii died in 1933. Pioneers of advertising, the brothers are best known for the arresting posters they designed for Soviet cinema in the 1920s; to Sep 2

Ambassador, 219 W. 49th St. Tel: 1-212-239 6200 Bring In Da Noise, Bring In Da Funk: tap dancing spectacular with a political ssage about the history of black America, choreographed by Savion Glove with a text by Reg E. Gaines; to Oct 12

Belasco, 111 W. 44th St. Tel: 1-212-239 6200 A Doll's House: Janet McTeer's much admired Nora plays opposite Owen Teale's Torvald in this sexually charged rendition of Ibsen's play, first seen in London and directed by Anthony Page; to Jul 26

Tel: 1-212-875 5030 Les Danaîdes: US premiere of Silviu Purcarete's reconstruction of Aeschylus' 470 BC tetralogy. Performed in French with English supertitles; Damrosch Park, 62nd St near Amsterdam Ave; to Jul 20 Woza Afrika: After Apartheid – four different programmes of South African township plays, intended to illustrate the changes which have taken place over the past ten years. All are US premieres. Presented at the John Jay College Theater and LaGuardia

Lincoln Center Festival 97

Manhattan Theatre Club, City Center Tel: 1-212-581 1212 Collected Stories: Lisa Peterson directs this production of Donald Margulies' new play, starring Maria Tucci end Debra Messing as the writing professor and the graduate student who betrays her trust; to Aug 2

■ OTTAWA

Theater, to Jul 27

EXHIBITIONS National Gallery of Canada Tel: 1-613-990 1985 Renoir Portraits: featuring works from throughout his career, this exhibition includes some of Renolr's most famous paintings. The show will travel to Chicago and Texas; to Sep 14

PARIS

DANCE Opéra National de Paris, Palais Garnier Tel: 33-1-43439696 Sylvia: the Opera Ballet performs e new version, with fresh choreography by John Neumeier, to music by Delibes: Jul 12, 14, 15

EXHIBITIONS Jeu de Paume Tel: 33-1-4703 1250

César: major retrospective of one of the most important French sculptors of the twentieth century. Tracing the the different approaches and materials with which he worked, the exhibition includes almost 500 objects loaned from museums and collectors in France and abroad; to Oct 19

Musée Carnavalet Tel: 33-1-4272 2112 Rudolf Nureyev: celebration of the great dancer and choreographer who made his home in Paris. Includes photographs, books, furniture and costumes; to Jul 27

Musée National d'Art Moderne. Centre Georges Pompidou Tel: 33-1-4478 1233 Fernand Leger: retrospective of the

early modernist, who emerged from the Cubist revolution around 1910 to move towards abstraction. His experiences in the war and socialist principles led him back to figurative painting. The exhibition will travel to Madrid and New York; to Sep 29

Opéra National de Paris, Opéra Bastille Tel: 33-1-44731300

:36

OPERA

 Manon: by Massenst. Musical director Gary Bertini presides over a staging by Gilbert Defio, with designs by William Orlandi; Jul 12 Rigoletto: James Conion conducts Jérôme Savary's staging of Verdi's opera, with sets by Michel Lebois;

SANTA FE

Santa Fe Opera Tel: 1-505-986 5900 Semele: new production of Handel'e opera, conducted by John Nelson and directed by John Copley. Elizabeth Futral sings the title role; Jul 12

La Traviata: Linda Brovsky directs this new production of Verdi's opera. set in the Parislan demimonde and conducted by Christopher Larkin; Jul 18

 Arabella: Janice Watson sings the title role of Strauss's opera, in a new production directed by John Cox. The conductor is John Crosby; Jul 19

TANGLEWOOD

Tanglewood Festival Tel: 1-617-931 2000 CONCERTS The Leonard Bernstein Memorial Concert: Robert Spano conducts the Tanglewood Music Center Orchestra in

works by Bernstein, Mozart, Dvorák and Brahms, with violin soloist Isaac Stern; the Shed; Jul 13 Seiji Ozawa conducts the Boston Symphony Orchestra in works by Takemitsu, Mozart and Beethoven. With piano soloist Peter Serkin, baritone Mark Oswald, and the

Tanglewood Festival Chorus conducted by John Oliver; at the Shed; James Conion conducts the Boston Symphony Orchestra in a programme of works by Britten, Bruch and Stravinsky. With violin soloist Itzhak

Periman, tenor John Aler, and the Tanglewood Festival Chorus conducted by John Oliver; the Shed; Jul 19 **OPERA** Les Mamelles de Tirésias: this fully staged production of Poulenc's opera,

directed by David Kneuss, is preceded

by two vocal chamber works by Ligeti;

performed by the Tanglewood Music Center Vocal Fellows and Orchestra, conducted by Seiji Ozawa; at the

Theatre: Jul 17, 19 THE HAGUE

EXHIBITIONS Museum Het Paleis Tel: 31-70-338 1111 The Dandy - Fashion, Art and Literature: Dutch design duo Ravage have recreated three scenes: the dressing-room of George "Beau" Brummell, father of dandvism; the black dining room from Huysmans' novel "A rebours"; and the "summer dandy" with his all-white wardrobe, c. 1915. On the upper floor are 30 portraits of celebrated dandles and numerous accessories. On the top floor are caricatures, fashion plates

THESSALONIKI

of the dandy; to Aug 31

EXHIBITIONS Museum of Byzantine Culture Tel: 30-31-868570 Treasures from Mount Athos: following a historic decision by the Holy Community of Mount Athos. this exhibition of 1,500 objects promises to be the highlight of Thessaloniki's year es European City of Culture. Many of the icons, manuscripts and textiles which will be on show have never before travelled outside the Orthodox monasteries which house them:

VENICE EXHIBITIONS

to Dec 31

The Giardini di Castello, the Corderie della Tana and elsewhere in the city Venice Biannale: the 47th International Art Exhibition is larger than ever, with 58 participating nations and e strong showing from the underdeveloped world. The theme of the central exhibition, at the Corderie and the central Pavilion, is "Future, Present. Past". Its curator, the critic Germano Celant, has opted to present the work of 71 artists in three chronologically ordered categories beginning with the 1960s: to Nov 9

VIENNA EXHIBITIONS

KunstHausWien Tel: 43-1-7120495 Schmidt-Rottluff (1884-1976): comprehensive exhibition of the work of the German expressionist. comprising around 180 works, Including paintings, drawings, etchings, woodcuts and sculpture; to Aug 24

WASHINGTON EXHIBITIONS

National Gallery of Art Tel: 1-202-737 4215 Picasso - The Early Years, 1892-1906: making the case for the artist's career before Cubism, this show begins with Picasso's formative years and traces his relation to Catalan modernism in turn-of-the-century Barcelona, prior to his emergence in Paris. Including important works from his Blue and Rose periods, the exhibition culminates in the Iberian figure pictures of 1906; to Jul 27

ZURICH EXHIBITIONS

Kunsthaus Zürich Tel: 41-1-262-0909 Birth of the Cool: wide-ranging survey of American art In the latter half of this century. Among the artists represented are Georgia O'Keeffe, Jackson Pollock, Andy Warhol and Chuck Close; to Sep 7

FT Arts Guide e-mail: susanna.rustin@ft.com Listings supplied by ArtBase Amsterdam. Tel: 31-20-664 6441 E-mail: ertbase@pi.net

Weekend Investor

Wall Street

for growth

Richard Tomkins on the relative merits of toilet rolls, soft drinks and burgers

and chief executive of Procter & Gam le, the annual consumption of toilet paper in North America is 53.5 rolls a person. The equivalent figure for Mexico is 22.5 rolls, and that for eastern Europe is 4.3

Thia prompts several thoughts, many of them unsuitable for discussioo in a family newspaper. But since Procter & Gamble is a large manufacturer of toiler paper, one question worth asking might be: "Why don't we all go out and buy an enormous number of Procter & Gamble's shares?"

A few weeks ago, Pepper stood up before an audience of Wall Street analysts in New York and vowed that Procter & Gamble would double last year's aales of \$35bn in the next 10 years. then double them again every 10 years after that.

These are ambitious sales targets by any token, and all the more so for a company biggest manufacturer of household products, But, 10 years ago, Procter & Gamble within its reach.

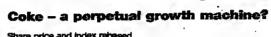
Now, with vast new markets opening up to US companies, the figure is 4.5bn.

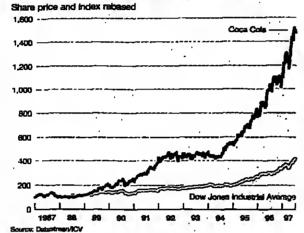
True, many of these new consumers have relatively low incomes. But as they earn more, they start using laundry detergents, toothpaste and toliet paper instead of wbatever they were using, or not using,

On Tuesday, Pepper was announced a two-for-one \$6,682,224 after stock splits increase in its annual dividend. "I believe the opportunities for growth in our comare, literally, unprecedented," be declared. as his company's share price jumped \$51 to a new high of

It might sound like hyperbole but some people, apparently, find it credible: Procter & Gamble's stock is up 39 per cent so far this year. It is a similar story for that archetypal consumer products company Coca-Cola. which has seen a 33 per cent increase in its stock price

over the same period.





isation. Coca-Cola is an even bigger company than Procter & Gamble, and its principle product bas been around since 1886: yet, Coca-Cola's sbares trade on a stratospheric price/earnings multiple of 41 times forecast earnings for 1997, compared with 29 for Procter & Gamble and that is already the world's 19 for the Standard & Poor's

> Consider the following. though. Americans drank an average of 363 Coca-Cola drinks each last year, while the Chinese drank an average of five.

Perhaps the Chinese will never drink as much Coca-Cola per bead as Americans - but the population of the US is 266m while that of China is 1.23bn.

Or, to make another obsersingle \$40 share in Coca-Cola when the company came to the stock market on Septemon his pedestal again as ber 5 1919, your investment Gamble would now be worth

> The point is that the Coca-Cola machine has never nor does it show any signs of doing so.

In the 10 years to the end price rose more than three times as quickly as the S&P 500 index, and investors are prepared to pay a fat premium for the unusually high level of probability that this outperformance will con-

Perhaps they could find better value elsewbere. According to the Interbrand In terms of market capital- consultancy. McDonald's

replaced Coca-Cola as the world's best known brand

Yet, although the company is easily global leader in the hamburger market, with 21,000 restaurants in more than 100 countries, on any given day it still serves less than 1 per cent of the world's population.

In spite of the apparent growth potential however. McDonald's has long been under a cloud because of worries about competition in the US fast food market, big restructuring of Its US

This will be split it into five geographical divisions that will operate under separate managements. In spite of the changes, the shares vation: if you had bought a continue to languish on a p/e

Philip Morris fares even worse, auffering a price/ earnings multiple of just 15. That is largely because of worries about the cost of setagainst the tobacco industry

in the US. But given Philip Morris's stopped generating growth: record of earnings growth. and the potential for its bestselling Marlboro brand in emerging markets overseas. of 1996, Coca-Cola's stock the discount seems to owe more to the odium associated with the company's products than a realistic appraisal of its prospects.

> Dow Jones Ind Average 7858.49 - 37.32 Monday 7962.31 + 103.82 7842.43 - 119.88 7886.76 + 44.33

Paying a fat premium Footsie proves a real battler

Repeated blows can't floor it, writes Philip Coggan

is starting to resemble one of those Hollywood action heroes who, despite car crashes, brutal beatings. machine-gun fire and grenada blasts, survives to save the world and get the girl.

A lesser market might have caved in at the abolition of dividend tax credits which knocked the yield on the FTSE All-Share back to levels not seen since just before the 1987 crash. But UK stocks, insulated by the leaking of the news several weeks in advance, shrugged

Interest rate rises have undermined the market in their time but this week's quarter-point increase in base rates, to 6.75 per cent the third tightening of monetary policy in three months did not shake investors.

The FTSE 100 index actually roae on the day of the announcement Relief that the rise was not

A sterling performance

Highlights of the week

FTSE 100 Index 4799.5 -13.3

Low & Boner 2091/4 -72

Marks & Spencer 554 +391/2

Pearson 678% -31%

Seleway 389 +24

Saltebury (J) 428% +52 434

Storehouse 2111/2 +26 321

Tesco 433 +39 437

McKechnie 365½ -25 604

Burton Group 124

Kingfisher 717

MWM

as much as half a point "Despite the 23 per cent seemed to have been the relative underperformance he UK stock market as much as half a point

the market has been the atrength of sterling, which has been reaching its highest levels since 1990. Indeed, it was touching DM3 yesterday, well above its old exchange rate mechanism central rate of DM2.95.

One can well remember the howls of pain from British industry during the period of ERM membership. But Kevin Darlington, of ABN Amro Hoare Govett. points ont that the pressure could be worse this time.

He saye that since the early 1990s: "German industry has embarked on a major restructuring, reducing unit wage costs beneath their

Lahour market trends mean that cost competitiveness vis-a-vis Germany have deteriorated by 35 per cent vear-on-vear and 18 per cent

of general manufacturers The third hammer blow to over the past year, we ques-he market has been the tion whether the equity market has fully priced in the true extent of the competi-

tiveness shock." Darlington's point was illustrated this week by official figures which showed that manufacturing output fell by 1.1 per cent in May and engineering companies recorded their biggest menthly fall in production for more than a decade.

So, what can explain the market's resilience in the face of all this bad news? Forstarters, one should differentiate between the leading stocks and the rest of the market: while the FTSE 100 index was up 15.8 per cent year-to-date by Thursday, the SmallCap index had risen only 1 per cent and the 250 index (representing midcap stocks) had dropped 2.3

In other words, most UK



stocks are being hit by the strong pound, higher interest rates and the rest of it.

The strength of Footsie could lie in several factors. First, the UK's leading stocks are the first port of call for overseas investors interested in buying into the British market.

For them, the abolition of the tax credit is irrelevant but the strength of sterling is a boon, since it enhances their returns in local cur-

rency terms. Second, UK institutional investors spent much of 1996 reducing their UK equity weightings and increasing their cash holdings. If they have been forced back into the market in 1997, their first option will have been to buy Footsie stocks.

Third, Footsie has a much bigger representation in two sectors, banks and international defensive stocks, than the smaller indices. The banks have gained from the need for investors to increase exposure to the sec- payments) rose to 2.7 per tor because of the building society flotations.

International defensive stocks - in the oil and pharmaceutical sectors, in particular - have done well; their exposure is to the dollar, against which the pound has been fairly steady, rather than to the D-mark bloc. Five stocks - Glaxo Wellcome, HSBC, Lloyds TSB, Shell and SmithKline Beecham - have been responsible for about a third of Foot-

sie's rise this year. stepping forward to carry for the UK to face the consethe market ahead - the quences of his inaction.

retailers. Figures from Dixons on Wednesday indicated that the electrical retailer's sales were 17 per cent aliend year-on-year in the first nine

weeks of 1997. Since then, Dixons has received a further benefit as consumers rushed ont to spend their windfall profits. The news washed over on to the rest of the retail sector. which had underperformed the market by 20 per cent since the middle of last year.

But will a revival in the retailers be enough to sustain the market? History suggests it will be a struggle; the abolition of the tax credit means the gilt-equity yield ratio is now 2.6, normaily overvalued territory

for shares There is a similar problem with the market's valuation relative to index-linked gilts.
Inflation could be a growing problem, too. The headline rate jumped unexpectedly to 2.9 per cent this week while the underlying rate

list becars a set

Results firm max

AL INCHANT

Post Marie

David Schwartz finds that, elections, inflation was poll than in the four months

This is no surprise, as governments try to stoke up the economy before they face the electorate; on this occasion, you will recall, Kenneth Clarke, former chancellor, ignored the Bank of A new group might be est rate rise. It might be time

. L.C. PERSONAL EST VERSON PROPER DE VERSONATION DE TENERE PER **OPPORTUNITIES IN ASIA** China Fund +131% Over 1 Year.

The Guinness Flight China Fund has produced a performance of 131% over next century. potential of China's developing equity markets and Guinness Flight's Asian investment expertise. Of all the investment stories in Asia, the

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on the world economy both as a manufacturing base and as an export market for companies globally. China has undergone two revolutions in half a century - a political one which shook the balance of power after World

could well shape the world for

markets to limited direct foreign



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Call +44 (0) 1481 712176 - quoting ref 3535



1821/2

5871/2

7971/2

462

597%

3811/2

Vickers 1731/2 19 3001/2 1721/2 Worries over profit levels

Beyond the boom

3612.6 Interest rate rise

Plan to demerge Debertrams

Profits warning

Hopes of buoyant electronic sales

Loss of big contract

Currency feers

Broker downgrades

Exposure to strong pound

Buoyant food retaining sector

Strength in affluent south-east

Strong tracking statement

Buoyant food retailing sector

Barry Riley

I commented last November

favour of stimulating a

sumer-led boom in time for

The 10-franc pound is nice - but dangerous, too

here was more agony for British exporters soaraway pound broke through DM3. The foreign exchange markets have a habit of ruthlessly exploiting and punishing economic policy errors. Forex traders have run into a streak of success; in recent weeks they have pushed the Thai baht and the Czech koruna into sharp devaluations, and sterling is their present play

on the upside. It is easy to become complacent about a strong currency, but it is a bad mistake. We may soon need to turn our attention away from the UK's economic boom to the bust that might follow.

It seems the Bank of England's monetary policy committee (MPC) already has next year in mind, judging by its moderation in raising interest rates by only a quarter of a percentage point, to 6.75 per cent, on Thursday this week. It will have been influenced by the continuing rise of sterling against the continental European currencies and its powerful impact on the manufacturing sector. But the MPC might not remain in a position to be so squeamish.

Meanwhile, British holidaymakers in France are toasting the unexpected return of the 10-franc pound, while Currency speculators are celebrating their good fortune and judgment: if you borrowed Swiss francs a year ago to huy pounds, you would be now showing a profit of about 35 per on the UK'a tradition of windfalls (which were estimated originally at £20bn but turn out monetary mix-ups. This one has been developing in gruesome to have been closer to £35bn). slow motion ever since Kenneth This is 6 per cent of annual Clarke, the former chancellor, personal disposable income decided to abandon the steady, It is hard to guess how much export-led economic recovery actually is being spent, rather that followed the Black Wednesday debacle of 1992 in

than saved, but the tills certainly have been ringing merrily at the Dixons electrical goods chain, which has revealed a 17 per cent surge in sales

Now the Bank of England has to sort out the problems successive chancellors have allowed to pile up

Tax cuts were only modest. and the main stimulus came from lax monetary policy. The broadly-defined money supply M4 began to surge early in 1995 and it has grown at 10 or 11 per cent annualised ever since. House prices have begun to accelerate and some increase in inflation seems likely to show through soon.

Indeed, City economists have been caught happing by an uptick in the June inflation rate and, in the wake of the Budget's petrol price increases, the July underlying rate could come perilously close to 3 per cent. Meanwhile, more expensive mortgages will push the headline rate well above 3 per cent during the coming months.

Clarke turned down the Bank's advice to raise interest rates before the election, and no action was taken either (in spite of many months of advance warning) to defuse the time

during recent weeks. Enter chancellor Gordon Brown, with no new election to worry about hut, alas, heavily lumbered with dogmatic baggage involving economic growth theories, and further weighed down by manifesto promises. He blithely ignored the short-term problems, focusing instead on re-equipping Britain for the long-term future. A better motto, though, is that if you look after the short term properly, maybe the long term will look after

itself. Exactly bow a policy of loading new taxes on to the corporate sector while, at the same time, squeezing it through the exchange rate is going to encourage an increase in capital investment is a mystery. Now, though, the Bank has to sort out the problems that successive chancellors have let pile up. The foreign exchange traders

calculate that the Bank is

belplessly stranded. If inflation continues to surprise the forecasters on the upside, interest rates will have to go up much further.

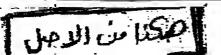
Inflationary forces typically take several years to work through the economy, and it might require a sharp slowdown even a recession - to force inflation back down to a stable 2.5 per cent. Next year, those windfalls will be absent and manufacturers will still be licking their wounds from the exchange rate squeeze.

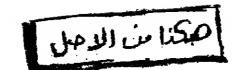
We are seeing the return of that recurrent British phenomenon, the flat or even downward-sloping yield curve. The government's gilt-edged bonds are looking past the immediate problems, and a long-term yield of 7 per cent appears to assume that inflation will be held to about 3 per cent in the long run. This shows that credibility is still being attached to the Bank's potential as an anti-inflationary agent. On the other hand, gilts have failed to share fully in the sharp drop in yields seen in most other government bond markets

during the past few weeks. The exchange rate of around three D-marks has unfortunate historical connotations. In 1987, Nigel Lawson secretly beld the pound down at DM3, fuelling later inflation. In 1990, DM2.95 was chosen as the ERM central rate, with unfortunate consequences. We must hope DM3 does not aignal another unpleasant accident but, if this level is sustained, there surely

will be one.

Offshore managed funds and UK managed funds are listed in Section One





WEEKEND INVESTOR

Bids / deals Burton says goodbye to Debenhams

Burton Gronp, the UK's aries, GEC-Marconi and Alesecond largest clothing nia Difesa, to create three retailer after Marks and joint ventures over the next Spencer, announced this week it would demerge exceeding £2bn. Debenhams, its department stores business, *writes* Virginia Marsh.

and the move, aimed at unlocking value for inves- likely to be spun-off in a tors, could value it at more than £1.5hn

Burton shares have lagged behind the retailing sector as a whole by more than 20 per cent in the past year. Analysts estimate the demerger, which is likely to result in significant job losses, could give shareholders the equivalent of up to

□ GEC, whose managing director, George Simpson, unveiled a new strategy this week, said on Thursday it was pooling some defence businesses with Finmeccanica, the state-owned Italian

The outline agreement which had boped to raise provides for their subsdidi- about £20m.

~ «· •

DOWN

year, with annual sales

As part of the Simpson strategy, GEC-Alsthom - 2 50/50 joint venture in trans-Debenhams will be floated port and power engineering with Alcatel of France - is £4bn-plus flotation. ☐ Ethical Holdings, the bio-

technology company, is cancelling its planned £14m acquisition of Clonmel Healthcare, the Irish pharmaceuticals company, after abandoning UK flotation plans. Ethical, which is listed on

the Nasdaq index in the US. blamed the cancellation on three main factors: a lack of investor interest, competition from other pharmaceutical groups coming to the market, and concern at the impact of the Budget. The Clonmel deal was dependent on the float,

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Applied Distbtn T	42	43	421/2	14.78	Täbbett & Britin
Argent Group	375*	3711/	450	226.5	Britist Property
Atias Converting	815*	8071/2	B471/2	84.76	Valmet -
Bridge	175	1711/2	13716	130.72	FIG
Brockbank Group	69675	6721/2		85.60	Mid Ocean
Cater Allen	580*	571	580	189.06	Abbey National
Circle Comms 7	75*	75	671/2	8.29	Sthe Star Group
EFT Group	175*	1831/2		89.6	Bank of Scotland
Energy Group	690*	64714	64B	3.59bn	PacifiCorp
Gent (S.R.)	82*	. 80	711/2	29.68	Prospero inds
Goldsborough Hith	175*	171%	126	76.65	SUPA Finance
Gramplan TV	316 ·	31514	3101/2	104.28	Scottish Media
GrandMet (4)	614	617	515	23.00bn	Guinness ·
HTV I	420*\$	41216	3301/2	371.7	Utd News & Media
Hartlepool Water #	266*	270	195	19.41	Anglian Water
Heath (CE)	143*	13816	1281/2	96.09	Erychnes
Midland Ind News	210*	19814	1881/2	289.59	Mirror Group
Nobo Group	140*	13614	13814	24.78	Acco
Nycomed	(♣)	(-)	(+)	(*)	Amersham inti
Omolcare .	161•	162	155	19.99	Transportd
Policy Portfolio	126*	123	1221/2	10.08	Fedeure lives
Otty Care Homes T	330*	325	3171/2	45.21	Principal Hith
Roskel	137	13214	71	24.52	SIG
TLS	135*	1311/2	1301/2	65.88	6E Capital
Unicorn Inti	225*	217%	155	85.5	C.de St.Gobain
Wood (JD)	145*	143%	131	11.89	Rambro Chywlde
	1132§§		1155	628.26	- Granada
Yorkshire T-Tees	119533	1110	1100	020.20	· LR Galderies

Prices in pence unless otherwise indicated. "All cash offer, §For capital not stready held, Unconditional. "Based on lunchtime prices 11/7/87. §§Shitres and cash. † Cash otherwise, (4) Merging to form GMG Brands, (8) Merging to form Nycomed Amerikam. Value of merger estimated at £2-1bn.

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Creos International	ABA	Mar		(2,6701.)	2.75 (2.45)
Division 2007	2024	Terr.	956£	(2.2801)	
Enterprise VCT	July.	Apri	94.0	(-)	- (-)
First Information.	AND	POE	A III	(1,270)	SAL SALES
Serdiner	Dist	Apr		(2,360)	0.3 (0.3)
Greenway Compensor	Specie	Appl		ANNI)	STATE OF THE SECOND
Healthcare Reform B	lotr	Mart	85.86	(+)	- (-)
Herriemon Gerend		Mart	The state of	The same	LICIA
Ideinwort Charter	let r	Mayt	402.1	(328.8)	0.4 (1.75)
Line & Burse	PRAP	7 By 3		(28-200)	425 MG C
Lowe (Robert)	Text	Apr	1,660		0.125 (0.1)
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MetalTech Inti	Eng.	May			
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Reflec O	AIM	Feb	454L		
Spotsmood and sures	7. A. S. C.	1 MH	10.0	1241	0.05
Skillegroup	SpSv	May	3,430	(3,120)	9.35 (8.5)

MetalTech lot	Eng	May	. 509	(-)	- (-)	_
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Reflec O	AIM	Feb	454L		- (-)	_
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Skillegroup	SpSv	May	3,430	(3,120)	9.35 (8.5)	
(Figures in parent net pence per she per shere. ‡ irish	re, except whi	ere other	wise Indi	cated. L=los	ss. † Net asset va	Ų

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Con	meny	Seci	or due	last year	Final "	fote

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FINAL DIVIDIENDS					
AIM Group	Eng	Tuesday	1.5	4.0	3.0
Aritie Group	- FLEE	Tuesday.	Sec. 25.		7 TO 100
Ashtead Group	DEC	Monday	9.65	2.42	0.72
Astrased Group Baring Emerging Europe: Uni	Silu II	Tuesday			1,500
Bulmer Hidge	ABY	Wednesday	4.55	8.85	4.9
Calluna	BEE	Wednesday Friday Monday			
Cavaghan & Gray Ethici	FOP	Monday	1.5	2.7	1.0
Ebici	Hood	Tuesaday		0.8	0.4
Filia & Puersert	Chern	Monday	3.6	6.2	2.3
First Technology	. But	Wedneeday	32		4.2
Kenwood Appliances	HreG.	Tuesday	3.25	6.75	3.25
Moorgate IT				2.9	1.8
Partners Holdings Shield Diagnostics	Rtin	Monday	-		
Shield Diagnostics	100	Toesday	F. 7. 12		
Smith (Devid S.)	PPSP .	Wednesday	2.45	5.05	2.50
		Thursday			3.41
Stanley Leisure	LEN	Thersday	2.00	4.65	1.20
Tritast VHE Hidgs Zergo Group	DOSE	Tuesday	29	.55	3.33
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		Income	1		
INTERIM DIVIDENDS					4
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Greenwich Resources ing Business		Thursday	- 10 mm		หรือของ
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Olim Convertible Trust		Monday	45	4.D	
Rights & Issues Inv Trust#				0.85	97. F 20.
Scottish American Inv. Co Trust of Property Shares	THE .	meuterday		1.31	1348 W
				1,2273	A 15
Wintrust	Otfa	Tuesday ,	4.02	6.D.	-

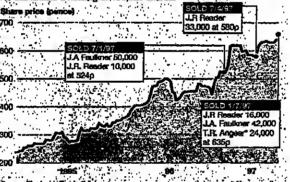
Permanent	interest-bearing s	hares
Pibs are the closest you can They are fixed interest secu	get to holding ordinary shares in a urities, with no redemption date -	building society.
cannot be guaranteed. You the open market - with the	can realise your investment only by e chance of capital gain or loss:	setting them on They provide a

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Birmingham Midshires	9.375	100.165	1,000	118.1845	7.902	
	11.525	100.129	10.900	141,7735	8.208	
Bradford & Bingley	13	100.2-	10,000	158.4536	8,204	
Brietoi & West	13,375	100.338	1,000	163.0028	8,205	
Britannia.	13	100.423	1,000	157,9621	8.244	
Coventry	12.125	100,749	1,000	151.2340	7,982	.*.
First National	11.75	100.247		142,2598	8.260	
Leads & Holbeck	13.375	100.227	1,000	183,7939	8.166	
	10.75	100.317	1.000	131.2902	. 8.155	٤
Newcastle	12.625	100.446		154,6513		
Northern Bock	12.625	100,135	1,000	154,6513	8,164	1
Sidoton	12.675	100.476	1,000	156,7480	8,214	
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Directors' share dealings Transactions to own companies

Sector	Shares	V#154 2700	No of directors
BCon	7.100	23	2
S\$er	505,000	1502	3
Eng	1,000	13	1
EE&E	25,000	14	1
Prop	13,000	18	1
INVT	20,000	33	1
Eng	11,000	18 [.]	1.
Water	2,500	21	1
SSer	82,000	521	3
BCon	60,000	224	1 🛊
Text	25,000	25	1
Uncl	45,000		1
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RetG	50,000	38	1
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services group, sold 16,000 shares in his third large self this year. He still retains a holding of 190,520 shares.



Last week's preliminary results

Company	Sect	Yes		n-far:				nenda" hare (p)
ANS	Heb	Mar		(2,500)		(10.9)		13
Bestran		May		(16.600)		(63.2)		an 💉
Birse	B&C	Apr		(1,120)		(0.6)		()
Bogod	Charles !	Mar	5-4 ·	(249)		(3.01)		(1.77)
Border TV	Med	Apr		(2,300)		(14.7)		(5.8)
Brief Briefs	Plane	10	28,580L	(25,100L)	. 3.	1)		0
British Bloodstock	ALL	Her	302	(153)	5.8	(3.2)		(1.5)
Винцини	o Miles	Tan .	.9,000	(7,500)	43	(3.7)	. 14	(1.25)
Burtonwood Brewery	Brus	Mar		(4,340)	11.5	(13.0)		(5.55)
Cadcage				(reso) .		(7.96)	16	
Carcio Engineering	Eng	Mar		(18.200)		(20.7)		(10.75)
total and a series of the series of the series of	- Dist			5,030		(8.16)		24
Doons +	Riffe	May		(101,500)		(15.3)		(8.75)
Just a series	LEAST.	Mari		(9,510)		(9.12).	173	(1.6)
East German &	SuSu	Acx		(1.72)		(0.074)	- E4	40
Faranak	RIFd	Apr		(7.920)		(22.64)		(8.8)
Pleased Search	MT	May		(307.2)		(4.09)		249
Fleicher King	Prop	Aur		(204)		(2.3)		(1.5)
SEC.	- ERET			(981,090)		22.5		(12.51)
Golden Land lava *	Prop	Mar		(4331.)		(+)		(+)
Soody Dogant	Time	Aur.		(21,300)	31.6	(26.4)	19.0	(8,6)
Heiton	Bella	Anst	8,610	(B.900)	12.33	(9.84)	3.9	(3.1)
Relical Par	. Prop		12,000	9,200		(29.5)	. 80	(7.3)
Horoby •	Left	Mar	2,650	Η	23.34		6.5	
hoer Workloom	AM ;	-		(2201.)		H		
Inteleko	EELE		613	(1,160)		(1.68)	0.9	
rd Gredogs	AN.	ME		(3,090)		(152)		63
MS int + Marked toda		Her !	5.560L			(1.1)		(0.6)
Marsion Thompson	Brus	Mar		(5,050) (27,300)		(24.66)	8.03	(0.26)
March Felilin	Sec.			(3,000)		(18.6)		(7.5)
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Part .	Page	Mar.		(12,600)		(8.45)		(6.5)
Phonelicik	Med	Men		(6,710L)		H		(-)
Process and	fig.	APT.		(3,050)		(1471)		55
RPC	PPEP	Mer		(8,650)		(10.2)		(3.8)
Underlie Territari).	Link		1,130			(4.49)		(2.298)
Real Time Control Section	2021	Mar		(2,210)		(20.8)		(5)
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Wagon Inci	Eng	1 TO 100		(19,900)		(23.2)		(19.75)
Octoor.	Defa.	Mar	3,430	(3,120)	22.32	(19.99)	18,75	(12.52)
		· ·	-					

New issues

Billiton, the base metals last week, valued the comdivision of South African pany at between £4.4bn and mining group Gencor, £5.1bn which analysts said expects to raise up to £1.03bn when it is demerged later forecast range. this month, writes Roger | Galen Healthcare, the Taylor. It plans to issue Northern Irish pharmaceuti-375m new shares priced cals group made e strong between 210p and 240p and

was in the middle of the market debut this week has allowed for a 15 per cent with the shares issued at 'greenshoe' or over-subscrip- 150p rising 19% per cent on tion allowance. The path- the first day's trading to finder prospectus, published close at 182%p.

Rights lesues

Golden Land is to raise 27.4m vie a 20-for 17 @ 21p rights issue.

AEA Technology is to issue 6.4m shares. Billition is to raise up to £1.03bn via its flotation of 375m shares at 210-240p. Bellicon as to reticon to painting about £5m via placing of 37m shares • 17.55p.

Helicon Publishing is to raise £3m via a placing of 2.42m shares at 125p on ABM.

In the Pink

Gordon Brown's budgetary humbug

Nothing is less conducive to fiscal stability than this system, so end this eternal tax tinkering, demands Brian Reading

Brian Reading is a director of Lombard Street Research

not a hudget? When it is Britlsb. And now that the hullabaloo has died down over Gordon Brown's first-born, it is time to wonder whether it was worth it. Mnch-depleted rain forsts were consumed describing and discussing the tax changes he announced. Yet most other countries, including the US, Japan, Germany and France, confine their budgets to public spending plans for the following year. Tax systems and rates are mostly unchanged from one year to the next, and budgets are concerned with how much the government can spend within the revenues that they are expected to pro-

Brown's Budget claimed to do for fiscal policy what be had done in May for monetary policy. The gov-ernment bad, he said. "established e new framework for monetary stability: open and accountable, based on clearly established rules and discipline". This, he claimed, was matched in his Budget with "measures designed to promote

ong-term fiscal stability". Rnbbish. In traditional British fashion, he pulled a botchpotch of measures out of a hat, merely tinkering with taxes. We all knew a windfall levy on ntilities was coming, but this hardly belped. Retrospective tax changes, which these were, are anathema to stability indeed, they are the antithesis of established rules and

For the rest, his tax changes were in no wey open and eccountable. Far from it. They were devised

with customary budgetary case in point. With one secrecy, a total lack of con-band, he raised £24bn in clal interests. Brown's 100 sultation, and will be imposed through the tyranny of an elective dictatorship. Nothing is less conducive to fiscal stability than this system which, by springing surprises on companies and individuals,

impossible. The continental European, Japanese and American budgetary systems are far superior. Tax tinkering is less. Changes are rarer.

They are more widely and business cycle on public carefully considered. Everyspending and tax revenues). and accountable. They were

one is warned of their coming. But it is short-termism in the extreme to spring surprises merely to avoid temporary disturbances.

getary system owes more to the importance it confers on the chancellor and Treasury than any intrinsic merit of its own. The abolition of annual tinkering with taxes would impose a discipline on chancellors who are ever tempted to tax and spend. Changes would need to be justified by their long-term consequences, thereby establishing openness, rules and discipline,

avoided.

higher taxes over three years (including the £5.2bn in windfall taxes) while, with the other, be banded back a quarter of this with tax cuts of £6bn (the windfall tax excluded). This was done partly in the name of tightening fis-

makes long-term planning cal policy to prevent the economy from overheating cyclically, but also to reduce the structural budget deficit (that is, the budget deficit ignoring the effects of the

His changes were in no way open devised with customary secrecy and a total lack of consultation and will be imposed through the tyranny of an elective dictatorship

> Neither mortgage interest relief nor tax credits to pension schemes will be restored when the economy cools down. Desirable or otherwise, these are permanent changes to meet, in

In truth, the British bud-

Tax laws still could include automatic indexation (or indexation plus) of indirect taxes, reliefs and benefits. But arbitrary, irreversible changes would be

release them from the Treasury's maw, An independent Council of Economic Advisers - mucb needed should be given strategic control over taxation. The

part. temporary needs.

Stripping tax changes out

of the Budget also could

Nigel Lawson set out to echieved by re-introducing reform UK taxation, aiming to simplify it and broaden the tax base by scrapping reliefs and allowances in order to raise the same revenue with lower rates. His

system could then be devel-

oped along rational lines.

per cent write-off for film production was indefensible, in no way differing for other taxpayers from an equivalent increase in pub-

lic spending on subsidies. An open system, in which the merits of individual changes were debated fulty could possibly prevent dis tortions to the system introduced in pursuit of fashion able but unsound theories. Brown claimed that the key to economic success lay in investment. He cited its low share of GDP compared with Germany, the US.

France and Japan. Yet OECD figures show that total productivity over 1979-96 rose faster in Britain, at 1.5 per cent a vear, than in any other Group of Seven economy because the UK was the only one in which the productivity of capital increased. Demonstrably, it is the quality, not quantity, of investment that matters. Distortions to encourage investment are more likely to produce wasteful over-investment, an impediment to

growth, But the worst thing about Brown's Budget was that the burden of extra taxation fell upon the corporate sector while the need for bigber taxes arose from excessive consumer spending. Needless to say, this resulted from tax commitments made to win the elec-

Under a reformed system Former Tory chancellor fiscal fine tuning could be the "regulator", allowing chancellors to vary indirect tax rates to a limited degree for a single year. Tax systems repeatedly redesigned on the hoof are jour successors have returned to neys into the unknown, the Brown's Budget was a the plecemeal approach, bane of British business.



SPOT THE REFUGEE

There he is. Fourth row, second from the left. The one with the moustache. Obvious really.

Maybe not. The unsavoury-looking character you're looking at is more likely to be your average neighbourhood slob with a grubby vest and a weekend's stubble on his chin.

And the real refugee could just as easily be the clean-cut fellow on his left. You see, refugees are just like you and me.

Except for one thing.

Everything they once had has been left behind. Home, family, possessions, all gone. They have nothing.

And nothing is all they'll ever have unless we all extend a helping hand. We know you can't give them back the things that others have taken away.



We're not even asking for money (though every cent certainly helps). But we are asking that you keep an open mind. And a smile of welcome.

It may not seem much. But to a refugee it can mean everything.

UNHCR is a strictly humanitarian organization funded only by voluntary contributions. Currently it is responsible for more than 19 million refugees around the world. **UNHCR Public Information**

P.O. Box 2500 1211 Geneva 2, Switzeriand

orget about holes in

the ozona layer, disappearing rainforests

and plunging sperm

counts. There is some-

thing far more dreadful out there

- a terrifying force poised to

squeeze the last breath out of

I speak, of course, of rhododen-

Did I hear e titter? No sir, this

is not the gardening column and

you jest at your peril. The massed ranks of rhododendrons

will be at your door, threatening

destroy your world as completely

have you rushing home to erect

At about this tima of year,

when the social season is at its

height, a great man in a big

high-speed meteorite.

each and every one of us.

FT WEEKEND

True Fiction / Kieran Cooke

Night of the strangler shrubs

invites the chosen to a grand

The bash this year was more lavish than usual. The most ardent among the fork and spoon brigade could not exhaust the delicacies provided.

are on the rampage. Soon they The drink was another matter. There was enough Krug to float e battleship; the house was all you hold dear and ready to drowning in Mouton Rothschild. as any melting ice cap or A rocket could have flown to the moon and beck with all the Let me tell you a tale that will liqueurs on offer.

Needless to say, the night was long and full of antics. The dancing got under way at lam. A large lady in a small dress became too energetic during the tango and threw her partner, a

impression of a whirling dervish arrangements. before gently sliding under the table, where he conducted a conversation with himself in Latin.

I spent most of the night trying to teach Irish step dancing to an heiress from Tucson ("My daddy is in chian stores"). At some point I must have lost my rhythm - the last thing I remember before coming to in the scullery was hopping across tha tent much in the manner of a driverless pogo stick. The heiress was clearly unimpressed: when I returned she had taken up with

a junk bond trader

champion jockey, into the band. It e night. My host, as genial as long list of applications for the some cunning short cut.

A priest did a prolonged ever, inquired of my transport driving test. It did the pragmatic "What the bloody is

"Drilling tosh hotla." "Pardon?" said the great man. "Hotle be tosh drivling." My mouth was having e bad time of things. I was sensibly relieved of Major B, ace of the bloodstock world, should give me a lift to the hotel

Major B is well known for having never touched a drop. This made me feel secure as I sat beside him in his Armstrong Sid-

the Irish government was con-

thing: declared that all those those trees doing there?" the waiting - some of whom would have difficulty identifying a car, much less driving one - would be given e full licence. The Major

was one of those to slip through A great man with e big house has to have a long drive. He also has to have a lake. The Major found steering round e gentle left-hand bend too much of an effort. We took off through paddock lands, scaring the daylights

out of a few choice geldings. In my ralaxed state, I presumed we were on tha ring full of sumo wrestlers.

"What the bloody hell are Major suddenly shouted. There

was e crashing and splintering. A revving of the engine. Then silence - apart from a gentle snoring coming from the driver's After checking the workability of various limbs, I made efforts

to extricate myself. This is where the rhododendrons made their antrance. We were surrounded by them. They climbed in tha windows and smothered my face. They wound round my legs and arms with a grip tighter than a

set free from that living hell. The Major, having had a good sleep, seemed unaffected by it all. I am marked for life.

the wee

us and U

the lion's

of invest

My doctor tells me l have e severe case of floral paranola. I cannot sleep for nightmares of being strangled by shrubs. I see rhododendrons growing everywhere. Soon they will take over

the whole country. I refuse to enter any garden most inconvenient with the outdoor party season in full tilt. I have been put in touch with the rhodedendron support group.

A man who retired to the Isle of Jura says the evil shrub has ruined him. "First it was the chickens, then the dog," he writes. "Finally, the other evening. Mabel went out to tend her-Sweet Williams down where thosa terrible bushes grow. I have not seen her since and fear

It's no more of the outdoors for.

Metropolis

Murder and riots rock the cranky Boulder

Jurek Martin finds a liberal oasis becoming a victim of its lifestyle

ver, Colorado. This is a place for sampling the liberal and cranky zeitgelst of what is sometimes locally known as allowing life to go on as the People's Republic, right down to its nuclear-free

to the 80,000 souls nestling under the spectacular Flatiron rocks. They are not the bard times of a collapsed economy or a despoiled environment, but from that most American of vices - violence - from which Boulder, gaz-

ing down from its wraparound sundecks, its hands grasping a beer or a fumé blanc, had always seemed

It all really began last Christmas with the discovery in the million dollar mock-Tudor family home of the murdered body of Jon-Benèt Ramsey, a six-year-old beauty queen. This is a crime, still unsolved, that has run and run ever since in the national supermarket tabloids and the heavy press as well, putting Boulder under the sort of public microscope it had always

have a soft spot for Boulder, a combine-themselves that the Ramseys tion of town and were new arrivals, that plegown, 25 miles and beian and politically incorseveral worlds away rect beauty pageants had no from big and bustling Den- part in local life and that the crude media hack packs would eventually swivel their spotlights elsewhere,

But it never rains except that it pours. With the story. A university lecturer had asked the police, already under fire for bringing no prosecutions in the Ramsey case, to be present during a meeting with his estranged wife. While they waited downstairs, she stabbed him to death in a bedroom.

Then, improbably, stndents at the University of Colorado, normally so laidback by the beauty of their surroundings as to be semiinert, rioted in protest against a police crackdown on underage drinking. The law used rubber bullets the police chief said he thought the nse of live ammunition could have been justified - and \$500,000 worth of damage was caused. Boulder was truly shocked, but, being a good progressive town, pointed fingers of blame at both



But the threa incidents only added to the strain on local government, already divided and cousumed by issues more typical of Boulder. The police chief is presumed to be on the way out, the mayor has said she will not run again and the city managar, who had suspended tha local "open space" director, was effectively forced out after five years in the job. One of his major problems was trying, but failing, to persuade the city to spend \$800,000 on erecting a tea housa from

Tajikistan on public land. The tea house was a gift several years ago from the old Soviet regime in Dushanbe, the Tajik capital. Boulder bas two other sister cities around the world, both reflecting its traditional liberal/leftwing causes. One is Lhasa, Tibet, the other Jalapa, Nicaragua. The Dalai Lama visited Boulder in late May and was rapturously received, much as Sandinista leaders had been 10 years

Paul Danish, now a county

on the city council, says the old tension between the twin poles of Boulder power social liberals and environmental liberals - has been been getting worse. The debate has been mostly over the issue of open space, or land use, to the point that government has become all but paralysed over growth versus no-growth policies.

In a sense Boulder is the victim of its own beauty and seductive lifestyle. It is fast becoming a natural homa for the new breed of high-tech commissioner but previously and other professional entre-

preneurs drawn to the Rocky require only a computer, a Mountain states. Philip Burgess, of Denver's Center for the New West think-tank, calls them Lone Eagles:

"knowledge workers wbo

live by their wits and who

modem, a fax machine. express mail and an airport to remain linked to the outside world".

In many respects they are perfect immigrants for a

town lika Boulder, 70 per cent of whose residents have university degrees, but only so long as their work remains in the R&D phase. Once they start expanding especially into manufactur ing, space can get tight.
It was one thing to find

room e quarter of e century ago for Celestial Seasonings after all, the herbal tea company was Itself a reflection of Boulder tastes - but another to accommodate the needs of the fastest growing industry in the country.

The solution was to push growth outside city limits. Thus, the road to Denver, flanked by ranches 20 years ago, now resembles a hightech factory strip mall, with sprawling housing developments, golf courses and heavy traffic to match.

But Boulder cannot insulate itself from this. Its own main streets are now choked with cars, mostly up-market jeeps and four-wheel drives, vying for space with those whose natural habitat it once was - marathon runners and cyclists in training. sketeboarders, sandelled environmentalists, refugees from central American dictatorships and the occasional mountain lion.

Paul Danish thinks local government must eventually reflect modern reality and that independent-minded businessmen (and women) will probably supplant the "old Marxist ladies" wbo have run the town for so long and given it a flavour.

"Only in Boulder" has long been a popular phrase in Colorado, frequently used derisorily, sometimes with sneaking admiration and respect for the town's aesthetic. It certainly was an oasis of sorts from the world outside - "ten square miles surrounded by reality", as Paula Austin, a university undergraduate puts it. There are bits of reality, like murder and mavhem, that Boulder would rather have done

Arcadia

Man's virtuous helper

Tom Fort pays tribute to the long-suffering, much-abused donkey

ing her until his arm ached; and took up the goad, a

wand with a pin in its end, a prick from which "she broke

into a gallant little trotlet

The Emma of my story has

suffered no such tyranny. In

donkey terms, her life has

been as luxurious as that of

Stevenson's

and devoured the miles".

send a first, raucous bray echoing across an Italian valley, Buddy Holly was not long dead, the Mini was baing born and Khrushchev was making an uncouth exhibition of himself in the US.

They have staying power. donkeys. Thirty eight years on, Emma's voice has lasted as well as Kiri Te Kanawa's. The chestnut coat still has a sheen to it, though the face has greyed et the muzzle. Emma is in good shape. But donkeys have not alweys lived such happy lives.

Over the ages, the donkey has been man'e chief helper from the animal kingdom ~ far less likely to let you down than Roy Rogers' fourlegged friend, more reliable than any hound. Four thousand years before Jesus rode on one into Jerusalem, the donkey was doing its stuff

for Egyptian civilisation. The qualities of the beast are legion. It is long-lived. robust in health, vastly strong for its size, submissive, calm, infinitely enduring. Its diatary needs are simple: hay or grass. In return for bare sufficiency, it will give two score years of his tone as he recounts how unfailing, if slow-moving, he laid aside the cudgel with

Its problem is thet it is too virtuous to inspire our love. We like our pets to be capriclous, demonstrative and vulnerable: to need us. The donkey is too quiet, too self-contained and far too patient for its own good.

Its reward is to have been the most ebused creature ever created. It has been the donkey's lot to be kicked, whipped, beaten, exploited, execrated, tortured, mutilated, murdered. On its docile form has been vented all the fury and frustration engendered by man's eternal struggle with the unforgiving soil. And the donkey has

never hit back. So we have labelled it the living embodiment of stubbornnees. We annexe its names, and call idiots an ass or a jackass. No cruelty, no outrage, against a donkey is beyond the pale.

Take poor Modestine, Stevenson's celebrated companion in Travels with a Donkey in the Cevennes. She is the indispensable who made the book immortal. Yet the young Scotsman's treatment of her is abominable, ranging from the merely brutal to the outright sadistic.

There is a horrible joy in

treatment of Modestine is abominable brutal and sadistic

> Nero'e wife Poppaea, who bathed in the milk provided by her herd of 500 asses; and a good deal more peaceful. Her owner is my uncle, a man possessed by the most powerful tender-heartedness towards animals, and toil she has never known.

The nearest approach to exertion she has had to endure was in her distant youth, when she would be driven by the silver-stubbled gardener Giovanni up the hay was almost a national hill to be impregnated by symbol. Now there are only some gentleman ass of a few thousand left, and

which he had been belabour- dran ware found good fast as possibla into donkey homes, no easy task in a culture which gives high esteem to donkey salami.

In those distant days, donkey work was still essential to the working life of the valley. Dawn was filled with the clatter of hooves on the old, stony trails as the peasants made their way to olive frying pans. So fugitives grove or steep fields. Come evaning, and back they would come; the beasts half hidden by their impossible loads, their owners thirsty for red wine but still vocal in abuse and exhortation. There was no hurry, for a

donkey will not hurry. Now it has departed. No longer are the sons of those peasants prepared to submit themselves to the laborious existence which is all this land can afford them. It is not worthwhile to harvest the olives; the fruit from the ancient, twisted trees falls and rots. The orchards are choked, the fields left to become wilderness.

As in the valley, so across civilised Europe: no one needs the working donkey any more. Ireland used to have 200,000 of them; the beast under its mountain of sound character. Her chil- those are being converted as

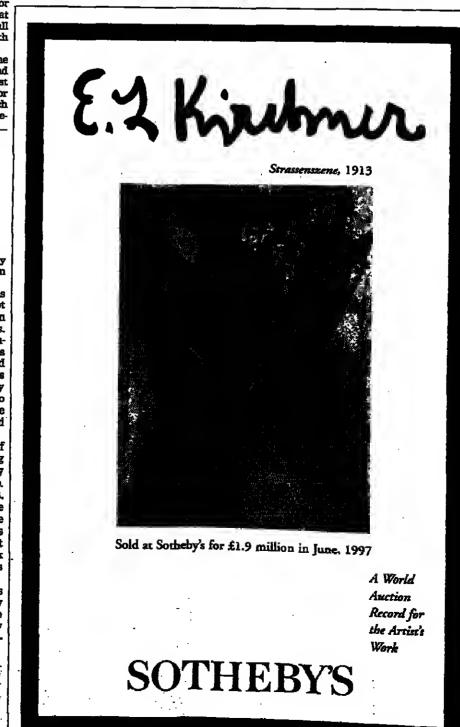
sausages, much prized on the Continent.

long been redundant, except to give rides to children in old-fashioned seaside resorts. But we are far too sentimental to think of them in terms of herbs and seasoning and from continental gluttony arrive in their thousands to nibble out their days at the Donkey Sanctuary based near Sidmouth.

There is no danger of Emma'e elegant neck being turned into the delicacy known as strucino di astno. She munches away, snoozes. twitches her flanks as the flies swarm, seeks shade from the Italian sun. Does she regret the silence that encloses the old mule track that runs past my uncle's

Does she pine for the days when her occasional bray would be answered by half e dozen of her race. Probably not, for donkeys never com-

Chess No. 1188: 1 g8 h6 2 Rxg7+! Resigns. If Kxh7 2 Nh5+! Rxh5 3 Qxf7+ K16 4 Qxf8+ leads to mete. No 1188: 1. Oxafi+ 2 Raz-Qe1+



صكنا من الاعل